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CHINA RAILWAY INTERNATIONAL CO., LTD. SERBIA
Br/No. CRIC/2018/001
Datum/Date 07.7.2018.

Government of the Republic of Serbia	„Infrastructure of Serbian Railways" JSC	Joint Venture of China Railway International Co.Ltd & China Communications Construction Company Ltd

COMMERCIAL CONTRACT ON MODERNIZATION AND RECONSTRUCTION OF HUNGARIAN – SERBIAN RAILWAY CONNECTION IN THE TERRITORY OF THE REPUBLIC OF SERBIA, FOR SECTION NOVI SAD – SUBOTICA – STATE BORDER (KELEBIJA)

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COMMERCIAL CONTRACT

ON MODERNIZATION AND RECONSTRUCTION OF HUNGARIAN – SERBIAN RAILWAY CONNECTION IN THE TERRITORY OF THE REPUBLIC OF SERBIA, FOR SECTION NOVI SAD – SUBOTICA – STATE BORDER (KELEBIJA)

Concluded in _____

Between the Contracting Parties:

1. Government of the Republic of Serbia, represented by Prof. Zorana Mihajlović PhD, Vice President of the Government of the Republic of Serbia and Minister of Construction, Transport and Infrastructure (hereinafter reffered to as: Financier),

2. Joint Stock Company for Public Railway Infrastructure Management „Infrastructure of Serbian Railways" (Akcionarsko društvo za upravljanje javnom železničkom infrastrukturom "Infrastruktura železnice Srbije"), Belgrade, Nemanjina 6, registration No 21127094, tax identification 109108420, registered with the Business Entities Agency in Belgrade, represented by Miroljub Jevtić, Acting Director General (hereinafter reffered to as: Investor)

   and

3. Joint Venture of China Railway International Co.Ltd & China Communications Construction Company Ltd, respectively registered at the Business Register Agency of the People's Republic of China, respectively with the number 100000000045318/100000000040563, with the license to perform business activities in the area of performance of construction works abroad under number 1100201500025/1100200500320, represented by Mr. Yang Zhongmin and Mr. Liu Qitao, Chairmen of the Company Boards (hereinafter reffered to as: Contractor)

   Hereinafter collectively referred to as: Contracting Parties.

PREAMBLE

With reference to:

- The Agreement on Economic and Technical cooperation in the field of infrastructure between the Government of the Republic of Serbia and the Government of the People's Republic of China (hereinafter: Agreement), signed on 20 August 2009 in Beijing.
- The Guidelines of the Bucharest, Belgrade, Suzhou, Riga and Budapest meetings of heads of Governments of the People's Republic of China and Central and Eastern Europian Countries on encouraging mutual cooperation through joint implementation and financing of projects in the field of transport infrastructure, with the special emphasis on the support for the realization of the project for Hungarian-Serbian railway connection.

- The Memorandum of Understanding on the Hungarian-Serbian Railway Project, between the National Development and Reforms Commission of the People's Republic of China, the Ministry of Foreign Affairs and Trade of Hungary and the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia, signed in Belgrade, on 16th December 2014,

- The Feasibility Study for design and execution of the Project for Modernisation and Reconstruction of Hungarian-Serbian Railway Line on the Territory of the Republic of Serbia: which has been adopted in July 2015 in Budapest, and amended in Belgrade on the Technical meeting in July 2015,

- The General Contract on Modernization and Reconstruction of Hungarian-Serbian Railway Line on the Territory of the Republic of Serbia, signed on November 24, 2015 in Suzhou.

- The Memorandum of Understanding Between The Government of the Republic of Serbia and The Government of the People's Republic of China On Jointly Promoting the Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative, signed on November 25, 2015 in Beijing.

- Terms of Reference for Preliminary Design, dated 9 October 2017, and amendment to the Terms of Reference for Preliminary Design dated 4 April 2018, and Draft Preliminary design dated 20 November 2017, submitted by the Financier and the Investor.

The "Hungarian – Serbian Railway Project" is being implemented as a part of a Core Corridor of the Trans-European Transport Network (TEN-T) and a part of Asia – Europe High-Speed Railway.

I BASIC PROVISIONS

Article 1. Subject of the Contract

The content of the Project on Modernization and Reconstruction of Hungarian – Serbian Railway Connection, in the territory of the Republic of Serbia, consists of two sections as follow: Belgrade Center – Stara Pazova and Novi Sad – Subotica – State border (Kelebija), that are to be modernized, reconstructed, including building of a new second track to produce a double-track railway line for combined traffic for speeds up to 200 km/h, fulfilling all the requirements of Trans-European Transport Network (TEN-T) Core Corridor in accordance with the TSI.

The Commercial Contract for Modernization and Reconstruction of Hungarian – Serbian Railway Connection, in the territory of the Republic of Serbia, for section Beograd Centar-Stara Pazova was signed on 5 November 2016 in Riga.

Subject of this Contract (hereinafter referred to as: the Contract) is part of the Project on Modernization and Reconstruction of Hungarian – Serbian Railway Connection, in the territory of the Republic of Serbia, for Section Novi Sad – Subotica – State border (Kelebija) (hereinafter referred to as "the Section").

The Contract is made according to the provisions of the Agreement, and on this Contract all the provisions of the Agreement are applied.

This Contract defines mutual rights and obligations of the Financier, Investor and Contractor in preparation and realization of the Section of the Project, financing of the Section of the Project, content of the Section of the Project, value of the services and works which form the content of the Section of the Project, deadlines for provision of services and execution of the Section of

the Project, obligations of the Financier, Investor and Contractor, as well as other issues of significance for implementation of the Section of the Project. The Contract consists of provisions and terms, annexes to the Commercial Contract, Terms of Reference for Preliminary Design dated 9 October 2017 and amendment to the Terms of Reference for Preliminary Design dated 4 April 2018, submitted by the Financier and Investor, as well as all modifications in line with the Contract.

Article 2. Definitions, Interpretations and Instructions

2.1. Unless otherwise explicitely stated in the Contract, the defined terms shall have the meanings determined as follows:

2.1.1. "Contract" is this Commercial Contract, annexes to the Commercial Contract, Terms of Reference submitted by the Financier and Investor, as well as all changes and modifications in line with the Contract.

2.1.2. "Financier" in accordance with the provisions of the Law on Planning and Construction (Official gazette of the Republic of Serbia, No. 72/09, 81/09-correction, 64/10-Decision of the Constitutional Court, 24/11. 121/12. 42/13-Decision of the CC, 50/130- Decision of the CC, 98/13- Decision of the CC, 132/14 and 145/14) is Government of the Republic of Serbia, represented by Ministry of Construction, Transport and Infrastructure and its legal successors.

2.1.3. "Investor" in accordance with the provisions of the Law on Planning and Construction (Official gazette of the Republic of Serbia, No. 72/09, 81/09-correction, 64/10-Decision of the Constitutional Court, 24/11. 121/12. 42/13-Decision of the CC, 50/130- Decision of the CC, 98/13- Decision of the CC, 132/14 and 145/14) is Joint Stock Company for Public Railway Infrastructure Management „Infrastructure of Serbian Railways", Belgrade and its legal successors.

2.1.4. "Contractor" in accordance with the provisions of the Law on Planning and Construction (Official gazette of the Republic of Serbia, No. 72/09, 81/09-correction, 64/10-Decision of the Constitutional Court, 24/11. 121/12. 42/13-Decision of the CC, 50/130- Decision of the CC, 98/13- Decision of the CC, 132/14 and 145/14) is Joint Venture of China Railway International Co.Ltd & China Communications Construction Company Ltd and its legal successors

2.1.5. "Engineer" is a person appointed by the Financier or the Investor to act as the Engineer for the needs of this Contract, or some other person the Financier and the Investor shall occasionally appoint, and inform the Contractor accordingly, in line with the provisions from this Contract.

2.1.6. "Notified Body" is a legal entity chosen by the Financier and the Investor to act as the Notified Body for the needs of implementation of this Contract.

2.1.7. "Contractor's Representative" is the person the Contractor shall appoint to act for the needs of this Contract, or the person the Contractor shall occasionally appoint in line with the provisions of this Contract and who shall act on behalf of the Contractor.

2.1.8. "Staff of the Financier and the Investor" consists of the Notified Body, Engineer, assistants to the Engineer and all other staff, employees and other personnel of the Engineer, or the Financier and the Investor and all other staff presented to the Contractor by the Engineer or the Financier and the Investor as the personnel of the Financier and the Investor.

2.1.9. "Staff of the Contractor" or "Contractor's Personnel" is the Contractor's Representative and all the staff the Contractor uses at site, which includes the staff, employees and other personnel of the Contractor and all sub-contractors, as well as all other staff assisting the Contractor during the execution of works.

2.1.10. "Sub-contractor" is a person appointed as a subcontractor for part of the Works or Services and his legal successors.

2.1.11. "Dispute Adjudication Board (DAB)" means the body which consists of three persons appointed in line with Article 100 of this Contract.
2.1.12. "Base Date" is the 28 days prior to signing of this Contract.
2.1.13. "Commencement date" is the date defined in the Article 48 of this Contract.
2.1.14. "Contractor's Equipment" means all appliances, equipment, machinery, vehicles, spare parts, instruments and physical objects of whatsoever nature required for the execution and completion of the Project and the remedying of any defects therein, but does not include equipment, materials or other objects intended to form or forming part of the Project.
2.1.15. "Accepted Contract Amount" means the amount agreed by the Parties for the Services, execution and completion of the Works and the remedying of defects defined in Article 4 of this Contract.
2.1.16. "Contract Price" means the price defined in the Article 4. of the Contract, and includes adjustments in accordance with the Contract
2.1.17. "Time for Completion" is the deadline for completion of Works or a Sub-section in line with the Article 7 and Article 49 of this Contract, with extensions, if any, in line with the Article 51 of this Contract, counting from the Commencement date defined in the Article 48 of this Contract.
2.1.18. "Project" means the modernization, reconstruction and construction of the Hungarian-Serbian railway line on the territory of the Republic of Serbia as defined in Article 1, para 2 of this Contract
2.1.19. "Services" means the preparation of technical documentation defined in the Article 3, para 2 and 3 of this Contract.
2.1.20. "Contractor's Documents" means the calculations, computer programs and other software, drawings, manuals, models and other documents of a technical nature supplied by the Contractor under the Contract.
2.1.21. "Preliminary Design" means Preliminary Design to be prepared by "Traffic Institute CIP" and "CRDC", in accordance to Law on Planning and Construction for Section Novi Sad – Subotica – State border (Kelebija) railway line.
2.1.22. "Terms of Reference" is a document titled Terms of Reference submitted by the Financier and Investor for the purpose of the Design for Construction Permit
2.1.23. "Works" are Permanent and Temporary Works or each individually, where it can be applied.
2.1.24. "Permanent Works" means the permanent works to be executed by the Contractor under the Contract.
2.1.25. "Temporary Works" means all temporary works of every kind required on Site for the execution and completion of the Permanent Works and the remedying of any defects.
2.1.26. "Materials" means things of all kinds (other than Plant) intended to form or forming part of the Permanent Works, including the supply-only materials to be supplied by the Contractor under the Contract.
2.1.27. "Plant" means the apparatus, machinery and vehicles intended to form or forming part of the Permanent Works.
2.1.28. "Site" means the places where the works are to be executed and to which Plant and Materials are to be delivered, and any other places as may be specified in the Contract as forming part of the Site.
2.1.29. "Sub-section" means the following sub-sections:
1) Novi Sad Station
2) Novi Sad–Subotica (excluding Novi Sad and Subotica stations)
3) Subotica (including station) - State border (Kelebija)

During execution of works, traffic in Novi Sad station and Subotica station and on the sub-section Subotica (including station) - State border (Kelebija) will be organized on available tracks in accordance with the Technology and Organization of Works submitted by the Contractor and approved by the Investor, and the traffic on the sub-

section Novi Sad-Subotica (excluding Novi Sad and Subotica station) will be completely closed during construction works.

2.1.30. "Variation" means any change to the Investor's Requirements or the Works, which is instructed or approved.

2.1.31. "Technical Specifications for Interoperability - TSI" means the specifications by which each structural subsystem or part of a structural subsystem is covered in order to meet the essential requirements and ensure the interoperability of the trans-European highspeed and conventional rail systems.

2.1.32. "Structural sub-systems" means the sub-systems as defined in Law on Railway safety and Interoperability (Official gazette of the Republic of Serbia 104/2013, 66/2015 and 92/2015), Article 6 points 1, 2 and 3.

2.1.33. "Technical Control" means an independent third party engaged by the Financier and the Investor to approve the Design for Construction Permit in line with the Serbian Law on Planning and Construction

2.1.34. "Day" is a calendar day.

2.2. INTERPRETATIONS

2.2.1. Unless the context indicates otherwise, in this Contract:

2.2.1.1. words which indicate one gender include all genders;

2.2.1.2. words which indicate singular also include plural, and words which indicate plural also include singular;

2.2.1.3. provisions which contain the words to agree, agreed and agreement require for the agreement to be in writing, and

2.2.1.4. in writing means written by hand, typed, printed or made in electronic form so that it represents a permanent document.

2.2.2. Words written on the margins and other headings shall not be taken into consideration during the interpretation of the rules and terms from this Contract.

2.3. COMMUNICATION

2.3.1. Whenever this Contract calls for provision or issuing of approvals, confirmations, certificates, decisions, agreements, rulings, announcements and requirements, such communications:

2.3.1.1. if in writing shall be delivered to the person addressed (with receipt confirmation), shall be sent by mail or by courier or transferred via the agreed means of electronic transfer; and

2.3.1.2. shall be delivered, sent or transmitted to the address of the recipient stated in the Contract. However,

2.3.1.2.1. if the recipient notifies of another address, all further communications shall be forwarded to that other address; and

2.3.1.2.2. unless the recipient has stated otherwise in the request for issuing of approval or agreement, the approval or agreement may be sent to the address from which the request was sent.

2.3.1.3. Approvals, confirmations, agreements and ruling may not be withheld or delayed without justification. When issuing approval to one party the issuer shall deliver a copy of the approval to the other party. When one party or the Engineer delivers an announcement to the other party, the copy of that announcement shall be sent to the Engineer or the other party, depending on the case.

2.4. RELEVANT LAW AND LANGUAGE

2.4.1. Laws of the Republic of Serbia are applied to this Contract.
2.4.2. If there are versions of any part of the Contract in several languages, the version written in English language shall prevail.
2.4.3. Under the circumstance of no Serbian laws and/or regulations exist, such international rules as FIDIC Conditions of Contract for Plant and Design Build First Edition in 1999 will be used.
2.4.4. Communication is bilingual, in Serbian and English, and governing language is English.

2.5. PRIORITY OF THE DOCUMENTS

2.5.1. Documents which form the Contract are considered mutually explanatory. For the purpose of interpretation, the priority of the documents is as follows:
2.5.1.1. The Contract;
2.5.1.2. Annexes to this Contract;
2.5.1.3. Preliminary Design

If any discrepancies or irregularities are found within the documents, the Engineer is obliged to issue the necessary clarification or instruction.

2.6. KEEPING OF THE DOCUMENTATION AND ITS SECURITY

2.6.1. The Contractor has in his possession all Contractor's Document and takes care of it until it is taken over by the Financier and Investor. The Contractor is obliged to submit to the Financier all the Contractor's Document in six copies.
2.6.2. The Contractor is obliged to keep at the construction site one copy of the Contract, documentation regulated by the Law on planning and construction, Contractor's Document, Variations and other communication issued on the basis of the Contract. Staff of the Financier and Investor has the right to access these documents at all reasonable times.
2.6.3. Execution of the Project shall be described in the Construction log kept by the Contractor. The construction log must always be available to representatives of the Financier and Investor during the working hours. Daily data are entered by the Contractor's representative or the nominated representative. There must not be any empty places left in the log. Apart from the Contractor's representative, the following persons may also enter data into the construction log:
2.6.3.1. Engineer;
2.6.3.2. Authorised representatives of the Contractor, the Investor and the Engineer;
2.6.3.3. Relevant official bodies of Serbia.
2.6.4. In case the Engineer and the Contractor disagree about the data in the construction log, they are obliged to state their opinions within five (5) working days. Should they fail to do so, it shall be deemed that the data is accepted. Pages from the construction log for the previous day shall be handed over to the Engineer each morning.

2.7. USE OF DOCUMENTATION OF THE CONTRACTOR BY THE FINANCIER

2.7.1. The Contractor keeps copyright and other intellectual property rights to the documentation of the Contractor and other project documentation prepared by the Contractor (or on his behalf).
2.7.2. It is considered that by signing the Contract the Contractor has granted to the Financier and to the Investor unlimited (in terms of duration), transferable, non-exclusive and free license to copy, use and transmit the Contractor's documentation as well as to modify it and use it in that form. That license:

2.7.2.1. is valid during the actual or foreseen working period (depending on which of the two is longer) of relevant parts of the Project,

2.7.2.2. grants to any person holding the relevant part of the works in legal possession the right to copy, use and transmit the Contractor's documentation for the purpose of completing, exploitation, maintenance, change, adjustments, repairs and demolition of the Project, and

2.7.2.3. in case the Contractor's documentation is in the form of a computer programme or other software, allows its use in any computer on the construction site and other locations foreseen by the Contract, including the replacement of any computer delivered by the Contractor.

2.7.3. Contractor's documentation and other project documentation prepared by the Contractor (or on his behalf) may not be used, copies or transmitted to third parties by the Financier or the Investor (or on their behalf) for the purposes different from those foreseen by this Article.

2.8. USE OF DOCUMENTATION OF THE FINANCIER BY THE CONTRACTOR

2.8.1. The Financier and Investor keep all copyright and other intellectual property rights in all the documentation prepared by the Financier, and the Investor (or on their behalf). The Contractor has the right to copy, use and transmit these documents for the purposes of implementation of this Contract and at his own expense. The Contractor does not have the right to copy, use or transmit them to third parties without the approval from the Financier and Investor, except as necessary for implementation of this Contract.

2.9. CONFIDENTIAL DATA

2.9.1. The Contractor is obliged to submit all the confidential data and other information which the Engineer justifiably asks for in order to determine whether the Contractor is acting in line with the Contract.

2.10. ACTING IN LINE WITH THE LAWS

2.10.1. The Contractor is obliged to act in line with the laws of the Republic of Serbia during the implementation of the Contract.

Article 3. Content of the Contract

The content of the Contract is services, procurement, construction, supply and installation of all the elements necessary for reconstruction of the Section Novi Sad – Subotica – State border (Kelebija) railway line in the length of 108.1 km. This includes works for the reconstruction of sub-section Novi Sad Station, and reconstruction and construction of sub-sections Novi Sad-Subotica (excluding Novi Sad and Subotica stations) and Subotica (including station) – state border (Kelebija), to establish a double-track railway line for combined traffic and for the speeds of up to 200 km/h, fulfilling the requirements of Trans-European Transport Network (TEN-T) Core Corridor.

The services referred to in paragraph 1 of this Article represent the work on preparation of: Design for Construction Permit for Section of Novi Sad – Subotica – State border (Kelebija) railway line, as well as any other documents and reports necessary for obtaining the construction permit in accordance with the provisions of the Law on Planning and Construction and the Law on Railway Safety and Interoperability, according to Preliminary Design and Terms of Reference which is annexed to the Contract.

In addition to the services referred to in paragraph 2 of this Article, the Contractor shall undertake to prepare the Designs for Execution of Works for Section Novi Sad – Subotica – State border (Kelebija) and any other documents necessary for the execution of works including the Site Organization Design with access traffic lines and Traffic Management during construction.

In order to render the services referred to in paragraps 2 and 3 of this Article the Contractor must act in accordance with the provisions of the Law on Planning and Construction, and engage designers with adequate designer licences and adequate professional experience in the preparation of technical documents.

The works referred to in paragraph 1 of this Article shall include the reconstruction and construction of railway line and railway stations, signalling, interlocking, safety systems and telecommunication facilities, electrical facilities, energy supply facilities, engineering structures with construction and other materials necessary for the Project implementation, as well as present all test certificates, certificates, testings necessary for the technical inspection procedure, for obtaining of Permit for Use and certificates on verification issued by the Notified Body in accordance with the Law on Railway Safety and Interoperability.

In order to execute all the agreed works defined in paragraph 5 of this Article, the Contractor must be registered in the appropriate registry for execution of this type of Works, and has to have the employees with responsible constructor licenses and adequate professional experience.

In performing of all the agreed Services and Works the Contractor shall be obliged to comply with the legislation of the Republic of Serbia.

Article 4. Financing of the Project and the Accepted Contract Amount

The Project is financed in line with the Loan agreement between the Chinese bank and the Republic of Serbia, the law which regulates the budget of the Republic of Serbia and this Contract.

The Contract Price shall be the lump sum Accepted Contract Amount and be subject to adjustments in accordance with the Contract.

The Accepted Contract Amount for Services and Works from Article 3 of this Contract is USD 1,162,810,000.00 (one billion one hundred sixty-two million eight hundred and ten thousand United States Dollars) and includes the profit of the Contractor as well as expenses of preparing of technical documentation, organizing the construction site, preparatory works, accompanying material and equipment, insurance and all other related, direct or indirect expenses of the Contractor.

The currency of all the payments, which is, based on the Irrevocable Notice of Withdrawal, applied by the person authorized for withdrawal by the Financier, payable by the Chinese bank from the loan resources shall be in USD and that for the payment payable by the Financier shall be in Dinar (RSD), in official middle foreign currency exchange rate of the National Bank of Serbia on the day of payment.

The Accepted Contract Amount from Paragraph 2 of this Article does not include:

1. expenses related to obtaining of the land (the Investor is responsible for obtaining the construction land which shall be given, free of charge, to the Contractor to use, for the purpose of execution of permanent and temporary works, access and construction of necessary facilities during the execution of the Project);

2. expenses for value added tax (VAT), levies and customs duties.

Article 5. Change of the Contract Price Due to Changed Circumstance and Subsequent Works

In case of changed circumstances and subsequent works the Contract Price may be changed upon approval from all contracting parties up to the level of maximum 10% of the Accepted Contract Amount, according to the procedure and in a manner determined by the Contract. In case no agreement can be reached by all the parties, the amount from Article 4. Paragraph 3 shall remain unchanged.

The changed circumstances from Paragraph 1 of this Article imply unexpected events which influence the amount and which were not possible to foresee at the time of the signing of the Contract, and the occurrence of which was unavoidable or its effects impossible to be removed during the realization of the Project.

Subsequent works from Paragraph 1 of this Article are those works which are not concluded and not necessary for execution of this Contract and which the Financier and the Investor demand to be undertaken.

Expenses from paragraph 1 of this Article shall be borne by the Financier and Investor.

Article 6. Payment Method

The Payment method for completed works and delivery is by monthly interim payment certificates which will be formed according to achieved progress of works, and Table of Prices which is Annex 1 to this Contract. Annex 1 must be signed within 90 days upon the adoption of the Preliminary Design by the State Revision Commission, in any case before the first part of the advance payment is effected.

All transfers for the Contractor as per this Contract shall be performed by Chinese Bank in line with the request for tranche delivered to the Chinese Bank by the person authorized by the Financier for withdrawal of the tranche, apart from the transfers which the Financier is obliged to make in proportion determined by the Loan Agreement.

All transfers shall be made in line with the Loan Agreement and this Contract. The amounts and the Table of Prices (for the advance payment and the interim payment certificates) shall be defined in the Annex 1 to this Contract, mentioned in the paragraph 1 of this Article.

The Financier shall not bear any responsibility for payments for the Contractor apart from payments in the relevant proportion from the Loan Agreement and the responsibility for timely submission of the Notice of withdrawal of the tranche to the Chinese Bank and complete supporting documents which shall not be unreasonably withheld in accordance with the terms and conditions stipulated by the Loan Agreement, and the payments shall be paid to the Contractor in accordance with the Contract.

Payments to the Contractor shall be made for performed services and executed works in line with the verified interim payment certificates and final payment certificate upon finalisation of the Project in accordance with the Contract.

Article 7. Deadlines

The Contractor is obliged to perform all the services and works from Article 3. of the Contract, and:

1. prepare the Design for Construction permit and Design for Execution of Works for the Section defined in Article 3. paragraph 2 (not including the time for approval by the technical control) - within 180 working days after the Contract enters into force.

2. execute the works, defined in Article 3. paragraph 5, within 33 months calculated from the Commencement Date defined in Article 48 of the Contract. The Works shall be performed in Sub-sections in accordance with Dynamic plan submitted in line with Article 50 and Traffic Management during Construction Design submitted in line with Article 13.

II FINANCIER AND INVESTOR

Article 8. Obligations of the Financier and Investor

The Financier and Investor are obliged to:

1. pay the Contractor, in consideration of the execution and completion of the Works and the remedying of defects therein, the Contract Price at the times and in the manner prescribed by the Contract;
2. grant the Contractor the right of access and possession of all parts of the construction site during the agreed term for execution of works, succesively and in Sub-sections at times defined by Dynamic plan in accordance with Article 50 of the Contract. The right of access and possession of the construction site is not granted exclusively to the Contractor. The Financier and Investor may refuse the right of possession until the receipt of the Performance guarantee;
3. obtain all the necessary approvals and permits in line with the Law on planning and construction, provided that the Contractor has submitted all necessary documentation for above mentioned, and which is his contractual obligation;
4. acquire the right of possession over the location or the use of the land for implementation of the project in line with the Spatial Plan and the Contract and enable access to the location for the Contractor, subcontractors and other persons appointed by the Contractor to complete the works, before the Commencement Date. Contractor's access to the location shall be in line with the technical documentation, dynamic plan of construction in line with the resolved property relations. The Financier and Investor shall also be responsible for resettlement of all inhabitants or those present at the location and shall bear all the costs including, but not limited to, payment of the resettlement fees, fees related to obtaining the land and fees for providing security for the location;
5. prior to the commencement of works on the construction site, the Enginner shall, by written act, appoint a coordinator for health and safety at work during the execution of works, who will also ensure preparation of the Plan of prevention measures, in line with the Regulation of the Occupational Safety and Health at Temporary and Mobile Construction Sites (Official Gazette of the Republic of Serbia ref.14/09 and 95/10);
6. fully support and coordinate project implementation in all phases;
7. form the coordination working team;
8. perform financial control activities;
9. submit, in line with the Contract, duly certified interim and final payment certificates with the request for payment to the Chinese Bank according to Irrevocable Notice of Withdrawal of Tranche and the administration in charge of treasury activities for the purpose of paying the Contractor;
10. provide the Notified body and bear the costs and ensure that the Notified body performs the control of the execution of Services and Works in -the phases in

accordance with the Contract according to the Law on Railway Safety and Interoperability

11. provide for the Engineer and supervision and bear the costs, in line with the Law on planning and construction;
12. Ensure the review by the Technical Control of the Design for Construction Permit prepared by the Contractor as part of this Project and bear the costs;
13. within 14 days resolve all timely delivered requests by the Contractor and submit their responses in writing. Timely delivery means that the Contractor has delivered the request at least 28 days before the request may, potentially, have an influence on the agreed obligations;
14. timely resolve and approve, with previous written and clarified approval by the Engineer potential requests extension of time for completion of works;
15. provide the Committee for Technical Acceptance of the Project;
16. participate in Taking-over of the Project and calculation of final payment;
17. use built objects strictly in line with the Operational and Maintenance manuals of the Contractor during the waranty period and Defects Liability Period.
18. Arrange the railway traffic operations during execution of works based on Design for Executions of Works defined in Article 13 paragraph 2;
19. Provide the Contractor with temporary storage places for material and equipment according to Preliminary Design;
20. Provide the Contractor with time interval within the train timetable for the purposes of access to construction sites at Novi Sad, Vrbas and Subotica stations, in accordance with Traffic Organization and Dynamic Plan of the Works submitted by the Contractor and approved by the Investor;
21. Allow the Contractor to use material dismantled from sub-section Novi Sad-Subotica (excluding Novi Sad and Subotica stations), free of charge, for the needs of Construction site. The Contractor shall return this material to the Investor upon completion of the Works.

The Investor is responsible for organizing and controlling traffic during construction in order to ensure favorable construction conditions, save on the sub-section Novi Sad-Subotica (excluding Novi Sad and Subotica stations), and shall bear relevant costs.

The Financier and Investor are obliged to conduct all procedures in order to ensure that the Contractor is exempt from VAT and customs, after the Loan Agreement between the Chinese Bank and the Republic of Serbia comes into force (Article on exemptions, exemption certificates, etc.).

The Financier and Investor are obliged to, to an extent it is in their power, assist the Contractor in obtaining all the relevant approvals and permits from the authorities in charge, including licenses and permits for import of equipment and material, and also including temporary import of the equipment of the Contractor according to the Contract and any other authorisations necessary for the start, execution and completion of works on the basis of the Contract.

The Financier and Investor are obliged to offer support to the Contractor in the provision of sufficient residence and working permits for expatriate staff according to the relevant legislation of Serbia for Contractor's employees and staff.

If the Financier and Investor consider themselves to be entitled to any payment under any Article of this Contract or otherwise in connection with the Contract, and/or to any extension of the Defects Notification Period, the Financier and Investor or the Engineer shall give notice and particulars to the Contractor. The notice shall be given as soon as practicable after the Financier and Investor became aware of the event or circumstances giving rise to the claim. A notice relating to any extension of the Defects Notification Period shall be given before the expiry of such period.

The particulars shall specify the Article or other basis of the claim, and shall include substantiation of the amount and/or extension to which the Financier and Investor consider themselves to be entitled in connection with the Contract. The Engineer shall then proceed in accordance with Article 9 to agree or determine (i) the amount (if any) which the Financier and Investor is entitled to be paid by the Contractor, and/or (ii) the extension (if any) of the Defects Notification Period in accordance with Article 62.

This amount may be included as a deduction in the Contract Price and Payment Certificates. The Financier and Investor shall only be entitled to set off against or make any deduction from an amount certified in a Payment Certificate, or to otherwise claim against the Contractor, in accordance with this Article.

III ENGINEER AND NOTIFIED BODY

Article 9. Obligations of the Engineer

The Financier and Investor shall appoint the Engineer for control of the execution of the duties foreseen by the Contract. The Engineer's staff shall include suitably qualified engineers and other professionals who are competent to carry out these duties. Engineers, team members in scope of their activity, must fulfill the conditions prescribed by the Law on planning and construction related to expert supervision.

Engineer may use authorisations of the Engineer provided by this Contract or which are inherent to it.

The Engineer is not authorised to perform changes to the Contract.

Before issuing any order which results in change of deadline, amount or scope of work the Engineer must obtain written approval from the Financier and Investor.

No approvals, control, confirmation, agreement, inspection, instruction, notification, proposal, order, request, examination or a similar act by the Engineer (including the lack of disapproval) does not relieve the Contractor from any responsibility undertaken on the basis of the Contract, including the responsibility for errors, failures, diversions and failure to act.

The Engineer has the right to assign obligations and authorisations to his assistants and also to revoke those obligations and authorisations with express approval by the Financier and Investor, and shall inform the Contractor accordingly.

The Engineer has the right to issue to the Contractor (at any time) orders necessary for execution of works and removal of defects, entirely in line with paragraphs 3, 4 and 5 of this Article and this Contract. The Contractor may accept orders from the Engineer only or from some assistant to whom the appropriate authorisation has been assigned to in line with this Article.

If any of the Articles of the Contract stipulates that the Expert Supervision (Engineer) should act to achieve the consent between the Contracting parties or to make a decision regarding any question, Engineer will consult Contracting parties in order to reach the agreement. If the agreement is not reached, Engineer will issue a fair decision in line with the Contract, taking into consideration all relevant conditions. Engineer will inform in writting all contracting parties regarding its decision with detailed explanation, within 28 days since the receival of the relevant request, unless otherwise agreed.

Contracting parties will respect the agreement or decision, unless and until it is otherwise revised under Chapter XIX.

Article 10 Notified Body

The Financier and the Investor shall appoint the Notified Body, in accordance with Law on Railway Safety and Interoperability, for evaluation of compliance and eligibility for use of structural sub-systems – interoperability factors. The Notified Body's staff shall be made of engineers with appropriate professional background, trained for performing such obligations. The notified body shall not be authorized to modify the Contract.

The Notified Body shall verify the structural sub-systems for interoperability in the following phases of project implementation:

1. Design for Construction Permit
2. Design for the Execution of Works
3. Construction of structural sub-systems including, in particular, the construction works, installed materials and equipment as well as assemblying of constituent parts and calibration of structural sub-systems
4. Final structural sub-system testing

The Notified Body shall be obliged to prepare the technical documents which shall be enclosed to the structural sub-system verification declaration.

The technical documents referred to in previous paragraph shall contain the data in connection to structural sub-system properties, conditions of use and constraints and instructions in connection to calibration and maintenance of the system, and, as necessary, all the documents verifying the compliance of interoperability factors.

The Contractor shall undertake to ensure access to the entire documentation in the phase of preparation of designs which he should prepare within this Contract as well as to the other technical documents (test certificates, cerfiticates and testing results) to the Notified Body performing of its obligations.

IV OBLIGATIONS BY THE CONTRACTOR

Article 11. General Obligations by the Contractor

The Contractor is obliged to design, execute and complete the works in line with the Contract, as well as to remove all defects in the Works. Upon completion, the works must be fit for the purposes for which the Works are intended as provided in the Contract, which also includes the obligation by the Contractor to remove, at his own cost, all defects which are the result of errors in the designs or in the execution of the Project, within 5 years from the date the Taking-over Certificate of works is issued.. The Contractor is obliged to execute the Project from this Contract according to the Design for Construction Permit, Construction Permit and Design for Execution of Works.

The Contractor is obliged to obtain the equipment and Contractor's documents, as well as to provide for all the staff, goods, consumables and all other items and services, whether temporary or permanent, which are necessary for design, execution and completion of Works and removal of defects.

The Contractor shall be responsible for adequacy, stability and safety of all works at the construction site and all methods of execution of the Project.

The Contractor is obliged to submit, at the request of the Engineer, particularities of the arrangement and methods which the Contractor intends to adopt for execution of the Project. No significant changes in those arrangements and methods may be performed before they are communicated to the Engineer.

The Contractor is obliged to act in line with the orders issued by the Engineer or his authorised assistant regarding any issue related to the Contract. The orders are issued in writing.

The Contractor is obliged to perform all the agreed Services and Works in line with the Law on Planning and Construction and Law on Railway Safety and Interoperability and other relevant laws and regulations of the Republic of Serbia and technical documentation, and pursuant to valid technical regulations, standards and normatives.

The Contractor is obliged to determine in a decision the certified contractor for works included in this Contract as well as certified contractors for all foreseen works from the technical documentation, with personal licenses and to submit them to the expert supervision. Certified contractors must fulfill the demands prescribed by the Law on Planning and Construction.

In case there is a need to change some of the certified contractors, the Contractor is obliged, prior to submission of the decision on determination of the new certified contractors, to address the Investor, who will issue the written approval within 7 days. Together with the reasons for the change of the above mentioned certified contractors, the Contractor is obliged to submit the evidence that the newly appointed certified contractors fulfill all the demands regulated by the Law on Planning and Construction.

For the purpose of executing of the Project which are the subject of this Contract, the Contractor is obliged to obtain the work force, material, construction and other equipment, to perform all the preparatory, main and completion works, to set up and maintain the traffic signalization and other necessary activities for complete execution of the Project and which are the subject of this Contract.

The Contractor is obliged, before introduction to the works, to perform the following:

1. The Contractor is obliged to, submit to the Financier and Investor, within 28 days from the Commencement date:
   - 1.1. for approval the detailed dynamic plan for execution of the contracted works with clearly defined activities. The dynamic plan must be signed and verified by the Contractor. The integral part of the dynamic plan are the resource plans and:
     - 1.1.1. Mobilization Plan of Human Resources;
     - 1.1.2. Mobilization Plan of Machinery and Equipment on construction site;
     - 1.1.3. Plan for procurement of necessary Materials
     - 1.1.4. Financial plan of execution of works by month;
     - 1.1.5. Site Organization Chart for Construction;
     - 1.1.6. Method statement of Construction;
   - 1.2. Fire prevention analysis;
   - 1.3. Suggestion for the Plan of preventive measures in line with the Regulation of the Occupational Safety and Health at Temporary and Mobile Construction Sites
   - 1.4. Detailed topographic plan of the location prior to the Commencement Date;
   - 1.5. Detailed list and dynamic plan of delivery of information, documentation or activities which are the obligation of the Financier or the Investor, and may influence the implementation of this Contract in any way.
   - 1.6. Management plan with the measures for environmental protection
   - 1.7. Action plan for environmental protection

Article 12. De-installation, Transport and Disposal during the Reconstruction of Railway Line

De-installed elements of the superstructure (rails, sleepers, fastening equipment and crushed stone), electrotechnical material and equipment, and energy supply equipment, are property of the Investor.

The Contractor is obliged to:

- Carefully perform the de-installation in order to preserve the elements from any damage, as much as possible, so that obtained material and equipment could be re-used. De-installation will be executed as described in Preliminary Design documentation.
- De-installed rails should be generally in the length not less than 45 metres when the actual site conditions allows.
- De-installed rails load on wagons provided by the Investor
- And the rest of the de-installed material (except rails) transport and store it at locations designated by the Investor which are in 10 km radius.

Article 13. Traffic Organization during the Execution of Works

During the Execution of Works, rail traffic operations must run with minimal necessary interruptions.

The Contractor is obliged to hand over to the Investor, 28 days before the Commencement Date, the Design for Execution of Works including Traffic Management during Construction Design, taking into account Investor's requirement to maintain full inensity of traffic operations during the Execution of Works.

Within these documents, the Contractor shall particularly propose the conditions for traffic organization from the point of safety of the Execution of Works.

The Investor shall define in detail the necessary traffic volume according to specific kinds of transport as well as maximum duration of track closures.

The Investor shall, within 21 days period, give his comments or approval to the submitted documentation.

Should the Investor have any comments on the submitted documentation, the Contractor is obliged, within 14 days, to remedy deficiencies and to re-submit the documentation to the Investor for approval.

Re-direction of traffic to the newly built/reconstructed track, while the old track is being reconstructed shall be performed under the conditions approved by Investor and will operate in conditions of construction site. Before the traffic is re-directed to the newly built track, the Contractor shall follow the procedures of the Investor for tecnical inspection and obtain approval for putting the track into traffic.

With regards to organization of the temporary traffic closures for the purpose of performing the contracted works, the following principles shall apply:

- Investor will provide traffic closures limited to Novi Sad, Vrbas and Subotica stations and sub-section Subotica (including station)-State border (Kelebija) according to Technology and Organization of the Works submitted by the Contractor and approved by the Investor

- In special cases like installation of the switches connected to the track which is in use traffic closures will be organized with duration of up to 12 hours during the night
- The traffic on the sub-section Novi Sad-Subotica (excluding Novi Sad and Subotica station) will be completely closed during construction works.

For the purpose of traffic management, during the time that the existing signalling equipment is not in function, the Investor shall provide, install and maintain 2 pieces of temporary mobile signal devices and the Contractor shall provide the material needed for their installation and containers for the Investor's personnel operating these devices and regulating the traffic.

Article 14. Means of Financial Security

The Contractor is obliged to submit to the Financier within 28 days since coming into force of this Contract:

1. Performance guarantee in the amount of 10% of the Accepted Contract Amount with validity term 28 days longer than the agreed deadline for Completion of works and Defect Notification Period. Bank guarantee must have a clause that it is irrevocable, unconditional and payable at first call without objection;
2. Bank Guarantee for return of the first part of the advance payment in the amount of 100% of the first part of the advance payment with validity term 28 days longer than the agreed deadline for Completion of works. Bank guarantee must have a clause that it is irrevocable, unconditional and payable at first call without objection. If this advance payment is justified earlier, the Financier will release this bank guarantee and return it to Contractor.

The Contractor is obliged to prolong the Performance guarantee from this Article, in case the deadline for Completion of the Works or Defect Notification Period is prolonged. The Contractor is also obliged to adjust the amount of the Performance Guarantee if the Accepted Contract Amount is adjusted in accordance with Article 5 of this Agreement.

Besides the aforementioned, Contractor will within the deadline of 28 days of receipt of the Construction Permit for construction site, submit a Bank Guarantee for return of the second part of the advance payment in the amount of 100% of the second part of advance payment with validity term 28 days longer than the contracted deadline. Bank guarantee must have a clause that it is irrevocable, unconditional and payable at first call without objection. If this advance payment is justified earlier, the Financier will release this bank guarantee and return it to Contractor.

The bank issuing the guarantees must be a first class international or local bank acceptable to the Financier.

All bank guarantees described in this Article must have a clause that it is irrevocable, unconditional and payable at first call without objection according to the international rules URDG 758.

Article 15. Representative of the Contractor

The Contractor appoints the Representative and grants him all authorisations necessary to act on behalf of the Contractor and in line with the Contract. If the Representative of the Contractor is not named in the Contract the Contractor is obliged to, prior to the Commencement Date, submit to the Engineer for approval the names and data about the person he intends to appoint as the Representative of the Contractor. If the approval is withheld or revoked later, or

if the appointed person does not act as the Representative of the Contractor, the Contractor is obliged to present, in the similar way, the name and data of another person appropriate for that appointment. The Contractor may not, without the prior approval form the Engineer, replace the Representative of the Contractor or appoint a new one.

The Representative of the Contractor is obliged to dedicate all his time to implementation of the Contract by the Contractor. In case of temporary absence of the Representative of the Contractor from the construction site during the execution of works, appropriate replacement shall be appointed with the previous approval from the Engineer, and the Engineer shall be notified thereof.

The Representative of the Contractor accepts orders on behalf of the Contractor, in line with the provisions of this Contract.

The Representative of the Contractor has the right to assign his authorities and functions to any competent person, as well as to revoke at any time those authorisations and functions. No assignment or revocal may come into effect before the Engineer receives the previous notification signed by the Representative of the Contractor with the name of that person and indication of authorisations and functions being assigned or revoked.

The Representative of the Contractor and all the mentioned persons must speak Serbian or English fluently. In case the Representative of the Contractor or all the mentioned persons are not fluent in Serbian, the Contractor shall hire a competent translator to be available during the working hours.

Article 16. Subcontractors

The Contractor is obliged to hire subcontractors with the seat other than People's Republic of China, as well as to use the construction material and other goods necessary for implementation of the project which is the subject of this Contract produced, processed and manufactured outside People's Republic of China, in the amount not smaller than 46% of the total Accepted Contract Amount of the Project.

The Contractor is obliged to conduct a procurement process with as much competiotion as possible.

Selection of subcontractors and suppliers is performed after the public announcement for the bidding.

The Contractor shall not limit the competition and especially shall not disable any tenderer to participate in publicly announced procedure.

The Contractor shall ensure that the selection of subcontractors and suppliers is performed publicly and transparently.

The Contractor shall ensure that all potential subcontractors and suppliers are put in the equal position during all stages of the procedure.

The Contractor shall not set selection conditions which would imply national, territorial, subject or personal discrimination between the tenderers, nor discrimination which would be implied through the classification of tenderer's business activities.

Selection of subcontractors with the seat other than in the People's Republic of China, as well as suppliers of construction material and other goods which is the subject of this Contract

produced, processed and manufactured outside the People's Republic of China, is done by the Contractor and submitted to the Financier and Investor for consent.

The Financier and Investor shall give the consent within 14 days from the date the proposal was submitted.

The Contractor is responsible for actions and failure to act of any subcontractor, his representatives or employees in the same way as if those are actions or failure to act by the Contractor.

The Contractor is, at the time of signing of the Contract, familiar with the prices of material, and goods at the Serbian market, he included them in the project Risk analysis and formed the total amount from this Contract with those prices.

Article 17. Setting Out

The Contractor shall set out the Works in relation to original points, lines and levels of reference specified in the Contract or notified by the Engineer. The Contractor shall be responsible for the correct positioning of all parts of the Works, and shall rectify any error in the positions, levels, dimensions or alignment of the Works.

Investor shall provide the state reference points to the Contractor.

In case there are some errors or discrepancies in these reference points, the Investor shall give all necessary assistance to the Contractor to resolve these matters.

Article 18. Safety Procedures

The Contractor is obliged, at his own expense:

1. to act in line with all the relevant safety regulations,
2. to take care about the safety of all persons having the right to be at the construction site,
3. to make sure there are no unnecessary obstacles at the construction site and the works so that those persons are not exposed to dangers,
4. to provide a fence, lighting, supervision and guards for the Project until the taking-over by the Investor and to secure and safeguard in appropriate way the executed works, equipment and material from decay, damage, removal or destruction until the construction is taken over,
5. to secure all temporary works (including roads, pedestrian paths, guards and fence) which are necessary for execution of the Project for the purpose of use and protection of passers-by and owners and users of the adjoining land.

Article 19. Quality Assurance

The Contractor shall institute a quality assurance system to demonstrate compliance with the requirements of the Contract. The system shall be in accordance with the details stated in the Contract. The Engineer shall be entitled to audit any aspect of the system.

Details of all procedures and compliance documents shall be submitted to the Engineer for information before each design and execution stage is commenced. When any document of a

technical nature is issued to the Engineer, evidence of the prior approval by the Contractor himself shall be apparent on the document itself.

Contractor is obliged to prior to installation of material and equipment provide attests, certificates, certificate of origin of goods and other documents in accordance with the laws and regulations of the Republic of Serbia and submit to the Engineer.

Compliance with the quality assurance system shall not relieve the Contractor of any of his duties, obligations or responsibilities under the Contract.

Article 20. Data about the Construction Site

The Financier and Investor shall have made available to the Contractor for his Information, prior to The Base Date, all relevant data in the Investor's possession on sub-surface and hydrological conditions at the Site, including environmental aspects. The Financier and the Investor shall similarly make available to the Contractor all such data which come into the Investor's possession after the Base Date. The Contractor shall be responsible for interpreting all such data.

To the extent which was practicable (taking account of cost and time), It shall be deemed that the Contractor has fully obtained all the necessary information about the risks, eventualities and other circumstances which may influence the works which are the subject of this Contract. To a same extent it is considered that the Contractor has reviewed the construction site, its surroundings, the above mentioned data and other information and that prior to the submission of the Offer, he got familiar with all the relevant matters, including among other things:

1. form and nature of the construction site, with subterranean conditions,
2. hydrological and climatic conditions,
3. scope and nature of work and goods necessary for execution and completion of the Project and removal of defects,
4. laws, procedures and working customs in the Republic of Serbia,
5. requirements of the Contractor related to access, accommodation, benefits, staff, electric energy, transportation, water and other installations.

Article 21. Sufficiency of the Accepted Contract Amount

It shall be deemed that the Contractor:

1. is certain of the adequacy and sufficiency of the Accepted Contract Amount, and
2. has based the Accepted Contract Amount on the data, interpretations, necessary information, examinations and all relevant matters from Article 20, as well as on potential further data relevant to the Contractor's design,
3. unless otherwise stated in the Contract, the Accepted Contract Amount covers all the Contractor's obligations under the Contract and all things necessary for the proper design, execution and completion of the Works and the remedying of any defects.

Article 22. Unforeseeable Underground Conditions

In this article "Underground conditions" means natural physical conditions and man-made and other physical obstructions and pollutants, which the Contractor encounters at Site when executing the Works, including sub-surface and hydrological conditions but excluding climatic conditions. An unforeseen underground installation is the one which was not known and shown in the cadastar of underground installations for the Preliminary Design.

If the Contractor encounters adverse underground conditions which he considers to have been Unforeseeable, the Contractor shall give notice to the Engineer as soon as practicable.

This notice shall describe the underground conditions, so that they can be inspected by the Engineer, and shall set out the reasons why the Contractor considers them to be Unforeseeable. The Contractor shall continue executing the Works, using such proper and reasonable measures as are appropriate for the underground conditions, and shall comply with any instructions which the Engineer may give. If an instruction constitutes a Variation, XII.VARIATIONS AND ADJUSTMENTS shall apply.

If and to the extent that the Contractor encounters underground conditions which are Unforeseeable, gives such a notice, and suffers delay and/or incurs Cost due to these conditions, the Contractor shall be entitled subject to Article 99:

(a) an extension of time for any such delay, if completion is or will be delayed, under Article 51., and
(b) payment of any such Cost, which shall be included in the Contract Price.

After receiving such notice and inspecting and/or investigating these underground conditions, the Engineer shall proceed in accordance with Article 9. to agree or determine: (i) whether and (if so) to what extent these underground conditions were Unforeseeable, and (ii) the matters described in sub-paragraphs (a) and (b) above related to this extent.

However, before additional Cost is finally agreed or determined under sub-paragraph (ii), the Engineer may also review whether other physical conditions in similar parts of the Works (if any) were more favorable than could reasonably have been foreseen when the Contractor submitted the Tender. If and to the extent that these more favorable conditions were encountered, the Engineer may proceed in accordance with Article 9 to agree or determine the reductions in Cost which were due to these conditions, which may be included (as deductions) in the Contract Price and Payment Certificates. However, the net effect of all adjustments under sub-paragraph (b) and all these reductions for all the underground conditions encountered in similar parts of the Works, shall not result in a net reduction in the Contract Price.

The Engineer may take account of any evidence of the underground conditions foreseen by the Contractor when submitting the Offer, which may be made available by the Contractor, but shall not be bound by any such evidence.

Article 23. Rights of Way and Facilities, and Avoidance of Interference

The Contractor shall bear all costs and charges for special and/or temporary rights-of-way which he may require, including those for access to the Site. The Contractor shall also obtain, at his risk and cost, any additional facilities outside the Site which he may require for the purposes of the Works.

The Contractor shall not interfere unnecessarily or improperly with:

1. the convenience of the public, or
2. the access to and use and occupation of all roads and footpaths, irrespective of whether they are public or in the possession of the Financier, the Investor or other persons.

The Contractor shall indemnify and hold the Financier/Investor harmless against and from all damages, losses and expenses (including legal fees and expenses) resulting from any such unnecessary or improper interference.

Article 24. Access Roads

The Contractor shall be deemed to have been satisfied as to the suitability and availability of access roads to the Site. The Contractor shall use reasonable efforts to prevent any road or bridge from being damaged by the Contractor's traffic or by the Contractor's personnel. These efforts shall include the proper use of appropriate vehicles and routes, as well as regular daily cleansing of potentially deposited mud or spiled material and returning them in the regular state.

Except as otherwise stated in this Contract:

1. the Contractor shall be responsible for any maintenance which may be required for his use of access roads;
2. the Contractor shall provide all necessary signs or directions along access roads, and shall obtain any permission which may be required from the relevant authorities for his use of roads, signs and directions;
3. the Financier and Investor shall not be responsible for any claims which may arise from the use or otherwise of any access road,
4. the Financier and Investor does not guarantee the suitability or availability of particular access roads, and
5. Costs due to non-suitability or non-availability, for the use required by the Contractor, of access roads, as well as all costs of repair of access roads used during the execution of works performed with the purpose to return them in technically sound condition both during execution of works as well as immediately before the Taking-Over of Works are borne by the Contractor.

Article 25. Transport of Goods

The Contractor is responsible for all transportation of goods and especially:

1. The Contractor is obliged to submit to the Engineer, 14 days in advance of issuing any shipping order the necessary documentation that the goods to be shipped are in full technical and quality standards required by this Contract;
2. The Contractor is obliged to notify the Engineer at least 21 days in advance about the arrival of any equipment or main positions of the goods to the construction site;
3. The Contractor is responsible for packing, loading, transportation, acceptance, unloading, storage and protection of goods and other items necessary for execution of Works in accordance with laws and regulations of Republic of Serbia.

The Contractor is responsible for all equipment of the Contractor. Upon their arrival at the construction site, the equipment of the Contractor is deemed to be used exclusively for execution of the Project. The Contractor may not remove from the construction site any greater portion of the Contractor's equipment without prior approval from the Engineer. However, approval is not necessary for vehicles used for transport of goods and staff of the Contractor outside the construction site. Those vehicles must, in all, correspond to conditions provided for vehicles that participate in the public transport of the Republic of Serbia.

Article 26. Protection of the Environment

The Contractor is obliged to apply measures for protection of the environment (both inside and outside the construction site), in order to reduce to a minimum damage and discomfort caused to people and property due to pollution, noise or other activities, in line with approved

Management plan with measures for environmental protection, which will be implemented within the Action plan for environmental protection.

The Contractor is obliged to ensure that the emissions, surface discharges and waste water caused due to his activities do not go above the values prescribed by applicable Laws.

Article 27. Infrastructure Connections

The Contractor is obliged to, at his own expense, provide for the construction connections (electric energy, water, sewerage, gas, telephone, etc.) and to bear the costs of used electric energy, water, sewerage, gas, telephone, garbage removal, etc. from the date he is introduced in the business until the construction is taken over.

The Contractor is obliged to, at his own risk and at his own expense, provide for all the equipment necessary for the use of these services and measuring of the used quantities.

Article 28. Progress Reports

The Contractor is obliged to submit to the Engineer monthly reports about the progress of works, in six copies. The first report covers the period from the end of the first calendar month after the Commencement Date. From then on the reports are submitted monthly, within 7 days from the last day of the period they relate to. Reporting shall continue until the Contractor has completed all work which is known to be outstanding at the completion date stated in the Taking-Over Certificate for the Works.

Each report contains:

1. graphic charts and a detailed account of progress for Sub-sections, including every designing phase, documentation of the Contractor, purchase, preparation, transport to the construction site, construction, installation and testing;
2. photographs depicting the condition of construction and progress at the construction site;
3. copies of the quality guarantees, testing results and attestations for material;
4. statistical data on safety, including details about dangerous incidents and activities related to environmental aspects and public relations, and
5. comparisons between the actual and planned progress, with details about circumstances which might cause breach of the agreed deadline for completion and adopted measures (or measures yet to be adopted) in order to prevent delays.
6. programme for delivery of information and technical documentation, by third parties, which may directly or indirectly influence the dynamic of fulfillment of the obligations from the Contract, with specified actual dates of receipt of such information or dates of the announced receipt of such information. The Contractor shall specify every consequence of potential or actual delay in delivery of information to the dynamics of the works.

In case the Contractor does not fulfill the adopted dynamic plan, he is obliged to introduce working in several shifts, prolong the shifts or introduce more employees, without the right to increase the costs or get a special fee for that.

Article 29. Security and Maintenance of the Construction Site

The Contractor shall be responsible for keeping unauthorised persons off the Site. Authorised persons shall be limited to the Contractor's Personnel and the Financier/Investor's Personnel;

and to any other personnel notified to the Contractor, by the Financier/Investor, as authorised personnel of the Financier/Investor's other contractors on the Site.

The Contractor shall confine his operations to the Site, and to any additional areas which may be obtained by the Contractor and agreed by the Engineer as working areas. The Contractor shall take all necessary precautions to keep Contractor's Equipment and Contractor's Personnel within the Site and these additional areas, and to keep them off adjacent land.

During the execution of the Project, the Contractor shall keep the Site free from all unnecessary obstruction, and shall store or dispose of any Contractor's Equipment or surplus materials. The Contractor shall clear away and remove from the Site any wreckage, rubbish and Temporary Works which are no longer required.

Upon the issue of a Taking-Over Certificate, the Contractor shall clear away and remove, from that part of the Site and Works to which the Taking-Over Certificate refers, all Contractor's Equipment, surplus material, wreckage, rubbish and Temporary Works. The Contractor shall leave that part of the Site and the Works in a clean and safe condition. However, the Contractor may retain on Site, during the Defects Notification Period, such Goods as are required for the Contractor to fulfil obligations under the Contract.

The Financier and Investor shall, upon request and at the Contractor's cost, provide reasonable additional assistance to the Contractor in matters of security.

Article 30. Fossils

In case the Contractor, during geological investigation and other earth works determine existence of archeological settlement, necropolis or other objects of archeological significance, he is obliged to immediately cease further works, secure the site from damage or usurpation and immediately inform Engineer.

All fossil remains, coins, valuable items and antiques, structures and other remains or items of geological or archeological interest which are found at the construction site shall be handed over to the Engineer for safe keeping and disposal. The Contractor is obliged to undertake reasonable measures to prevent removal or destruction of those findings by the Contractor's staff or other persons.

Upon discovery of such items, the Contractor is obliged to notify the Engineer immediately thereof, and then the Engineer shall order further procedures with those items. In case the Contractor is late or incurs costs because he acted in line with such an order, after he informs the Engineer thereof, the Contractor has the right to:

1. prolongation of the deadline in proportion to the delay, if the completion deadline was breached or about to be breached. and,
2. compensation of such expenses, which shall be included in the Contract Price.

Upon receipt of further notifications, the Engineer shall act in line with this Contract in order to agree or determine those issues.

Article 31. Cultural Heritage

The Contractor undertakes that during the execution of works and services shall execute the works in accordance with the Law on Cultural Heritage.

Article 32. Training of Investor's Personnel

The Contractor undertakes to provide, prior to putting of the constructed facility into operation, training to staff and other personnel with regard to operation and maintenance method.

The Contractor shall prepare a detailed training plan, comprising all the required written documentation, 12 months prior to final Time for Completion of works specified under Article 49 hereof. The documentation is to be written in Serbian and English language.

Training of Investor's Personnel shall be provided by the Contractor's adequately qualified staff.

Training shall be provided in Serbian language.

Article 33. Other Obligations of the Contractor

The Contractor is obliged, within the Accepted Contract Amount for the execution of the Project, to complete other activities and works:

1. to execute all preparatory works and to complete the organization of the construction site
2. to provide and maintain the furnished offices with infrastructural connections for the Engineer and his staff and for the Notified Body staff, with 30 plus 8 working places, toilets, kitchenette and a conference room within the construction sites and provide the office consumables, internet and telephone lines for the duration of the Project
3. to create conditions for execution of works, according to approved detail dynamic plan, under all weather conditions in accordance with Serbian Law relevant to the labour working conditions;
4. to maintain the construction site documentation and to provide evidence on the quality of the executed works, built-in material, installations and equipment,
5. to perform all tests necessary to provide evidence on the quality of the executed works, built-in material, installations and equipment in the certified, licenced laboratory
6. during the determination of borrow pit of the material to act in line with the Law on mining;
7. to remove all damages he commits during the execution of the Project on the construction facility and neighbouring facilities;
8. to prepare the as-built design;
9. to ensure the presence and participation of his representatives and subcontractors' representatives in the work of the Committee for Technical Acceptance of the facility;
10. to remove all defects as per the remarks by the Committee for Technical Acceptance, within the agreed deadline;
11. to take part in taking-over of the facility and the final calculation of the as-built works;
12. to remove all the defects according to the minutes from the Committee for Taking-over and final calculation;
13. in an appropriate way to secure and keep the as-built works, equipment and material from decay, damage, removal or destruction until the facility is taken over;
14. in line with this Contract, to remove all defects which may potentially arise during the Defect Notification Period;
15. to perform other activities mandated by the Law on planning and construction, Law on railway safety and interoperability and other laws;
16. to ensure compensation for costs resulting from destruction and damage of works, material and equipment due to the Contractor's defaults and in line with Chapter XVII Insurance;
17. to ensure security and safe keeping of the facility until it is taken over.

18. to return abroad equipment and accessories temporary imported for performing works planned by this Contract within deadlines stated in documents for temporary import of these means.

V DESIGN

Article 34. General obligations for design

The Investor shall bear the responsibility for preliminary design. The Contractor shall prepare the Design for Construction Permit, Design for Construction and As-built documents and bear the responsibility for them. The Contractor is obliged to define, in a decision, a responsible designer for the works included in this Contract, as well as all responsible designers for all foreseen types of works, with personal licenses of Serbian Chamber of Engineers and to submit them to the Investor. The responsible designers must fulfill the conditions prescribed by the Law on planning and construction.

The Contractor guarantees that he, his designers and assistant designers have the experience and the abilities necessary for designing. The Contractor is obliged to ensure the presence of designers at the discussions with the Engineer at all reasonable times, until the facility is taken over.

The Contractor is obliged to prepare Design for Construction Permit, Design for Execution of Works and As-built Design according to provisions of the Law on Planning and Construction, Law on Railway safety and interoperability and other laws.

The Contractor shall, in the shortest possible time, act in line with the remarks made by the Technical Control about the completed technical documentation.

Article 35. Contractor's Documents

Documentation of the Contractor consists of the technical documentation prescribed by this Contract, the Terms of Reference, documents necessary for obtaining approvals and permits, documents defined by Article 38 of this Contract and Operating and Maintenance manuals. All the documentation must be in English and in Serbian.

The Contractor shall prepare all Contractor's Documents, and shall also prepare any other documents necessary to instruct Contractor's Personnel.

All the Contractor's documentation shall be submitted to the Engineer for review, consent and/or approval. The review period may not exceed 14 days, counting from the date of the receipt of the documentation and notice of the Contractor by the Engineer. The notice must state that the Contractor's documentation is deemed ready both for review and approval and for use. It must also be stated in the notice that the Contractor's documentation is in line with the Contract or a degree where it is not in line with the Contract. The review and approval by the Engineer would not interrupt normal construction progress.

During the review period, the Engineer may notify the Contractor that some of his documents are not in line with the Contract (stating the degree of deviation). Such a document is then corrected, re-submitted and reviews (and approves, if that is foreseen), at the cost of the Contractor.

For each Sub-section of the Project, apart in the case where prior approval or agreement is obtained from the Engineer:

1. in case of a Contractor's document which was submitted to the Engineer for approval:
   1.1. the Engineer notifies the Contractor that the document is approved, with or without remarks, or that it is not in line with the Contract (together with stating degree of deviation);
   1.2. execution of each Sub-section of the Project may not start until the Engineer does not approve the Contractor's document; and
   1.3. it is deemed that the Engineer has approved the document upon expiry of the review period for the Contractor's documentation which is necessary for designing and execution of each Sub-section, unless the Engineer has previously provided a notification opposite to the sense of point (1.1);
2. execution of each Sub-section of the Project may not start before the expiry of the review period for all the Contractor's documentation which is relevant for designing and execution of works;
3. execution of each Sub-section of the Project must be in line with the reviewed (and approved if necessary) Contractor's documentation;
4. in case the Contractor wishes to make a change in a design or document which has previously been submitted to review (and approval if necessary), he shall notify the Engineer thereof immediately. After that, the Contractor shall submit to the Engineer the changed documents in line with the above described procedure.

In case the Engineer demands additional Contractor's documentation, the Contractor is obliged to prepare it urgently.

Such approval or agreement or review (in line with this Article or another issue) shall not relieve the Contractor from any obligation or liability.

Article 36. Contractor's Undertaking

The Contractor undertakes that the design, the Contractor's Documents, the execution and the completed Works will be in accordance with the Law on planning and construction and Law on Railway safety and interoperability and other relevant laws in the Republic of Serbia, and the documents forming the Contract, with the approved changes.

Article 37. Technical Standards and Regulations

The design, Contractor's documentation, execution and completed Works shall be in line with Law on planning and construction, Law on railway safety and interoperabilty and other relevant laws in the Republic of Serbia.

The mandatory requirements of TSI in specifically identified parts of structural sub-system shall be fulfilled, while other works which are not connected with interoperability requirements shall be performed in accordance with Serbian standards.

Any reference herein to the published standards and technical specifications means reference to editions which were applicable on the Base Date, unless otherwise specified.

In case laws in the Republic of Serbia are modified or new standards come into force after the Base Date, the Contractor is obliged to notify the Engineer thereof and (if necessary) submit proposals for improvement. In case:

1. the Engineer determines that the harmonization is necessary, and
2. proposals for harmonization constitute a change,

3. the Preliminary Design provided by the Investor is found not fully in compliance with TSI,

the Engineer initiates the change in line with the Chapter XII. VARIATIONS AND ADJUSTMENTS of the Contract. Any additional cost incurred by this modification or new standard shall be borne by the Financier and Investor.

Article 38. As-Built Documents and As-Built Design

The Contractor is obliged to prepare and keep updated a complete set of records of the as-built condition of the Project, with the demonstration of exact as-built locations, dimensions and details of the as-built work. Those records are kept at the construction site and are used exclusively for the purposes prescribed by this Article. Two copies are submitted to the Engineer before the start of the review at the completion.

Apart from that, the Contractor is obliged to submit to the Engineer the graphic documentation in the as-built condition of the Project which demonstrates all the stated Works for the purpose of the review. The Contractor is obliged to ask for approval from the Engineer related to their dimensions, reference system and other relevant data. Prior to issuance of the Taking-over Certificate, the Contractor is obliged to submit to the Engineer three copies of the as-built design (two copies for Investor and one for Engineer), in line with the requests from the Financier and Investor and the Planning and Construction Law. Works shall not be deemed completed for the needs of taking-over before the Engineer receives that documentation.

The Contractor is also obliged to execute geodetic works during the reconstruction and construction of facilities, as well as to prepare the As Built Survey for the purposes of registration in the Cadastre of Immovable Property and the Installations Cadastre, in accordance with the Law on State Surveying and Cadastre.

Article 39. Design Error

If errors, shortcomings, ambiguities, inadequacies and other failures are determined in the Contractor's documentation before or after obtaining the positive report from the Technical Control, documentation and the Works are subject to corrections, at the expense of the Contractor, regardless of any approval or agreement granted in line with this Article.

VI STAFF AND WORK FORCE

Article 40. Hiring Staff and Work Force

Unless otherwise stated in the requests from the Financier and Investor, and in this Contract, the Contractor takes care about hiring of the complete staff and work force, local or other, their salaries and other expenses in accordance with the laws of Republic of Serbia.

The Contractor is not allowed to hire staff and work force among those persons already working for the Financier or the Investor nor is he allowed to try to do so.

The Contractor is obliged to respect the laws which are relevant to the Contractor's staff, including the laws which regulate their working relations, health protection, safety, social insurance, immigration and emigration and to enable them to use their legal rights. The Contractor is obliged to demand from his employees to respect the relevant laws including those related to safety at the work place.

The Contractor shall also respect the Serbian Laws with regards to working hours and work in shifts. If any work is going to be performed outside the normal working hours, the Contractor is obligated to send prior notification to the Engineer and obtain his consent which has not going to be unreasonably witheld.

The Contractor is obliged to ensure and maintain the necessary accommodation and other social conditions for his employees, if any. The Contractor may not allow to any of his employees temporary or permanent accommodation in the facilities which form the Main works.

The Contractor is obliged to take constant care about the health and safety of his employees to a reasonable degree. He is also obliged to, in cooperation with the local healthcare bodies, ensure that healthcare providers, first aid and ambulance services be always at the disposal of the employees of the Contractor, the Financier and Investor at the construction site and the accommodation facilities, as well as to take care about the hygiene and protection from the epidemics.

The Contractor is obliged to hire an officer in charge of safety at work at the construction site, who would be responsible for safety and protection from accidents. That person must possess appropriate qualifications in line with the laws of the Republic of Serbia and authorisations to issue orders and undertake measures for prevention of accidents. The Contractor is obliged to provide to that person, for the duration of the execution of the Project, everything he may require in order to perform his duties. The Contractor is obliged to submit to the Engineer a detailed report on every accident in the shortest possible period after the accident occurs. The Contractor is obliged to keep records and submit reports related to health, safety, injuries and damage caused to property, at the request of the Engineer.

The Contractor is obliged to, during the designing and the execution of the Project as a whole and when necessary after that, provide a superintendance for planning, organizing, providing directions, managing, control and testing of the Works and/or Services.

The Superintendance must have sufficient number of employees who have sufficient knowledge of Serbian and/or English language and are familiar with the activities being undertaken (including the necessary methods and techniques, possible hazards and methods for prevention of accidents) so as to ensure satisfactory and safe execution of the Project.

The Contractor's Personnel shall be appropriately qualified, skilled and experienced.The Engineer may require the Contractor to remove (or cause to be removed) any person employed on the Site or Works, including the Contractor's Representative if applicable, who:

1) persists in any misconduct or lack of care,
2) carries out duties incompetently or negligently,
3) fails to conform with any provisions of the Contract, or
4) persists in any conduct which is prejudicial to safety, health, or the protection of the environment.

If appropriate, the Contractor shall then appoint a suitable replacement person, if necessary.

The Contractor is obliged to submit to the Engineer a report about the number of his employees of all categories and every type of equipment of the Contractor at the construction site. The report is submitted every calendar month in the form approved by the Engineer, until the Works are completed and the Taking-over Certificate is issued.

The Contractor is obliged to constantly undertake measures for the prevention of illegal, rebellious or inappropriate behaviour of the Contractor's staff, protection of peace and protection of persons and property at or in the vicinity of the construction site.

The Contractor is entitled to employ enough expatriate staffs to ensure the successful implementation of the project. The Financier and Investor shall provide all necessary assistance to the Contractor in acquiring the work permits for the expatriate staffs that are necessary for the implementation of the Project.

VII MATERIALS AND PRODUCTION

Article 41. Method of Execution

The Contractor is obliged to produce and prepare or purchase and install materials and execute all other Works:

1. in a manner prescribed by the Contract,
2. with expertise and care, in line with the relevant good practice, and
3. by using the appropriate equipment and harmless material, unless otherwise stated by the Contract.

Article 42. Samples

The Contractor is obliged to submit for review to the Engineer the following samples with the important data:

1. manufacturing standard samples of material and samples prescribed by the Contract, entirely at the Contractor's expense, or samples necessary for the control during the procedure prescribed for import of goods and
2. additional samples required by the Engineer in terms of changes.

All samples should have a label designating the origin and proposed application in the Project.

Article 43. Inspection

The staff of the Financier and Investor have the right at all reasonable times:

1. to have full access to all parts of the Site and to all places from which natural materials are being obtained, and
2. during production, manufacture and construction (at the Site and elsewhere), to be entitled to examine, inspect, measure and test the materials and workmanship, and to check the progress of manufacture of Plant and production and manufacture of products, facilities and utilities.

The Contractor shall give the Financier and Investor Personnel full opportunity to carry out their activities, including providing access, facilities, permissions and safety equipment. No such activity shall relieve the Contractor from any obligation or responsibility.

The Contractor shall give notice to the Engineer whenever any work is ready and before it is covered up, put out of sight, or packaged for storage or transport. The Engineer shall then either carry out the examination, inspection, measurement or testing without unreasonable delay, or promptly give notice to the Contractor that the Engineer does not require to do so. If the Contractor fails to give the notice, he shall, if and when required by the Engineer, uncover the work and thereafter reinstate and make good, all at the Contractor's cost.

Article 44. Testing

The Contractor shall provide all apparatus, assistance, documents and other information, electricity, equipment, fuel, consumables, instruments, labour, materials, and suitably qualified and experienced staff, as are necessary to carry out the specified tests efficiently. The Contractor shall agree, with the Engineer, the time and place for the specified testing of any plant, facilities, utilities, materials and other installed parts.

The Engineer may, under Article 63 change the place and particularities of the foreseen testing or to order the Contractor to perform additional tests. If during thus changed or additional tests it is determined that the tested facility,utility, material, parts or assemblies production are not in line with the Contract, the costs of change are borne by the Contractor, regardless of the other provisions from the Contract.

The Engineer shall give the Contractor not less than 24 hours' notice of the Engineer's intention to attend the tests. If the Engineer does not attend the tests at the time and place agreed, the Contractor may proceed with the tests, unless otherwise instructed by the Engineer, and the tests shall then be deemed to have been made in the Engineer's presence.

If the Contractor suffers delay and/or incurs Cost from complying with these instructions or as a result of a delay for which the Investor is responsible, the Contractor shall give notice to the Engineer and shall be entitled subject to Article 99 to an extension of time for any such delay, if completion is or will be delayed, and payment of any such Cost plus reasonable profit, which shall be included in the Contract Price.

The Contractor shall promptly forward to the Engineer duly certified reports of the tests. When the specified tests have been passed, the Engineer shall endorse the Contractor's test certificate, or issue a certificate to him, to that effect. If the Engineer has not attended the tests, he shall be deemed to have accepted the readings as accurate.

Article 45. Rejections

If by examination, control, measuring or testing of the facilities, utilities, material, parts and assemblies, design or works their shortcomings or incompatibility with the Contract are determined in another sense, the Engineer has the right to refuse the material, the design and the production and notify the Contractor thereof, providing a clarification. The Contractor is obliged to immediately remove the defects and to align the refused item with the Contract.

If the Engineer requests new testing of facility, utility, material, parts and assemblies, design or works the testing is conducted under the same conditions. If the refusal and new testing cause additional costs to be incurred, the Contractor is obliged to cover the costs to Financier or Investor.

Article 46. Remedial Work

Notwithstanding any previous test or certification, the Engineer may instruct the Contractor to:

1. remove or replace from the construction site any material not in line with the Contract,
2. remove or execute again any other works which are not in line with the Contract, and

3. execute all the works which are urgently necessary due to safety of the Works, prevention of accidents, unforeseen events or similar.

The Contractor is obliged to act in line with the order in a reasonable deadline which is defined in the order or immediately in case it is a matter of urgency as described in Para. 1 point 3 of this Article.

If the Contractor fails to act in line with the order, the Financier and Investor have the right to hire, at the Contractor's expense, another person for compensation. Apart to the extent to which the Contractor has the right to compensation for the performed work, the Contractor is obliged to compensate all expenses to the Financier and Investor incurred due to such failures.

Article 47. Royalties

The Contractor shall pay all royalties, rents and other payments related to:
1. natural material obtained from outside the construction site, and
2. the disposal of material from demolitions and excavations and of other surplus material (whether natural or man-made), except to the extent that disposal areas within the construction site are specified in the Contract.

VIII START, DELAYS AND SUSPENSIONS

Article 48. Commencement of Works

The Contractor shall commence the execution of the works by Sub-section, provided that:
1. the Contract has come into effect, in accordance to the Article 109 hereof;
2. the Contractor has handed over to the Financier and the Investor the appropriate documentation specified in Articles 14, 88, 89, 90, 91 and 92 hereof;
3. the Financier and the Investor have granted access to and possession of the Site in respect of the location for the individual Sub-section of the Works;
4. the Financier and Investor has obtained the Construction Permit for that individual Sub-section, all the required approvals and permits required for the implementation of that individual Sub-section of the Project;
5. the Contractor has prepared the Design for construction of the Works for that individual Sub-section.
6. the advance payment has been fully paid to the Contractor

The Engineer undertakes to submit to the Contractor the notice of the Commencement Date at least 7 days ahead.

The Engineer shall give the Contractor access to and possession of the Site by way of entry into the construction log and shall furnish the Contractor with:
1. the Construction Permit;
2. Decision on Appointment of the Engineer;

The Contractor undertakes to proceed with the execution of the Works as soon as possible after the Commencement Date, whereupon he shall start executing the Works expeditiously and without delay. If the Contractor fails to start executing the Works within 56 days from the Commencement Date, the Financier shall be entitled to terminate the Contract, with the activation of the Performance Guarantee, and to claim damages from the Contractor up to the amount of actual damage.

Article 49. Time for Completion

The Contractor is obliged to complete the Works and all the Sub-sections within the Time for Completion of Works or Sub-sections, including:

1. achieving positive testing results upon completion, and
2. completion of all works which are, in line with the Contract, necessary in order to consider the Section completed for the needs of taking-over in line with the provisions from the Taking-over of the Works and Sub-sections.

Article 50. Dynamic Plan

The Contractor is obliged to submit to the Engineer a detailed dynamic plan of Services and Works as specified in the last paragraph of Article 11. The Contractor is also obliged to submit the modified dynamic plan if the previous dynamic plan was not in line with the actual progress or commitments of the Contractor. Every dynamic plan contains:

1. order according to which the Contractor intends to execute the Project including the expected time for each designing phase, Contractor's documentation, purchase, production, control, delivery on the construction site, construction, installation, testing, commissioning and probation,
2. deadlines for the review in line with the provisions from the Contractor's documentation and submission of other documents, approvals and agreements stated in line with the provisions from the Contract,
3. order and time order of major and important controls and testing prescribed by the Contract, and
4. accompanying report which contains:
   4.1. general description of methods which the Contractor intends to adopt and the main phases of execution of works, and
   4.2. details about the Contractor's estimate related to the number of Contractor's staff according to the types and every type of Contractor's equipment necessary at the construction site for all the main phases.

If within 14 days from the reception of the dynamic plan the Engineer does not inform the Contractor about the degree to which the plan does not meet the Contract, the Contractor may act in line with that dynamic plan, under the condition it fulfills his other obligations. The the Financier and Investor shall give their approval regarding the submitted dynamic plan to the Contractor within 21 days upon its submission to the Engineer.

The Contractor is obliged to notify immediately but not later than 7 days the Engineer about the specific possible events or circumstances which may have a negative effect on the works. The Engineer has the right to demand from the Contractor an estimate of the expected influence of future events or circumstances and/or a proposal under Article 63.

If the Engineer ever notifies the Contractor that the dynamic plan is not in line with the Contract and the actual progress and expressed intentions of the Contractor, the Contractor is obliged to submit to the Engineer the changed dynamic plan.

Article 51. Extension of Time for Completion

The Contractor shall be entitled to an extension of the Time for Completion if and to the extent that completion for the purposes of the Taking Over of the Project and Sub-sections, is or will be delayed by any of the following causes:

1) a variation requested by the Financier and Investor (unless an adjustment to the Time for Completion has been agreed),

2) a cause of delay giving an entitlement to extension of time under Articles of this Contract,
3) exceptionally adverse climatic conditions,
4) Unforeseeable shortages in the availability of personnel or Goods caused by epidemic or governmental actions, or
5) any delay, impediment or prevention caused by or attributable to the Financier/Investor, the Financier/Investor's Personnel.

If the Contractor considers himself to be entitled to an extension of the Time for Completion, the Contractor shall give notice to the Engineer. When determining each extension of time, the Engineer shall review previous determinations and may increase, but shall not decrease, the total extension of time.

Article 52. Delays Caused by the Authorities

If following cases occur:
1. the Contractor has respected entirely all the actions prescribed by the relevant authorities of the Republic of Serbia,
2. those authorities delay or disrupt the works of the Contractor, or
3. the delay or disruption was not foreseeable,

then this delay or disruption will be considered as a cause of delay under provisions of this Contract.

Article 53. Rate of Progress

If at any time:
1. actual progress is too slow to fulfilling the completion deadline, and/or
2. the progress has fallen (or will fall) behind the current dynamic plan,

and it is not resulting from the causes stated in the provisions from the Extention of the completion deadline, the Engineer may instruct the Contractor to submit the modified works programme with the accompanying report about the changed methods which the Contract proposes for adoption for the purpose of accelerating the progress and completion of the Services and Works in the defined deadline.

If the Engineer does not determine anything else the Contractor shall adopt those changed methods which may imply the increase of working hours and/or increase in number of Contractor's staff and/or goods at the risk and at the expense of the Contractor. If these changed methods imply additional costs for the Financier or the Investor, the Contractor is obliged to compensate those costs for the Financier or the Investor and to pay (potential) compensation for delay.

Article 54. Delay Damages

If the Contractor does not fulfill his obligation in the agreed deadline, he shall be obliged to pay to the Financier a delay damages. The amount of delay damages is 0,025% (two and a half hundredth part of the percent) of the total Accepted Contract Amount for the Project and it shall be paid for every day which goes by between the agreed deadline for completion and the date stated in the Taking-over Certificate. However, the total amount of delay damages due under this paragraph shall not exceed the maximum 5% of the total Accepted Contract Amount for the Project.

That delay damages shall be the only damages due from the Contractor for such failure to perform his obligations, apart in the case of termination by the Financier prior to the completion of the Project. These damages shall not relieve the Contractor from his obligation to complete the Works or from any other obligations or responsibilities from the Contract.

Article 55. Suspension of the Work

The Engineer has the right to issue, at any time, an order for suspension of Works in whole or partially. During the suspension the Contractor is obliged to protect, store and secure that Sub-section or Works in whole from deterioration, loss or damage.

The Engineer shall also inform about the cause of suspension. If the cause has been informed and is the responsibility of the Contractor, the Contractor does not have the right to an Extension of Time or to compensation of expenses.

If the Contractor suffers delay and/or incurs Cost from complying with the Engineer's instructions of Suspension of the Work, the Contractor shall give notice to the Engineer and shall be entitled to

1) an extension of time for any such delay, if completion is or will be delayed, and
2) payment of any such Cost, which shall be included in the Contract Price.

If the suspension under this Article has continued for more than 84 days, the Contractor may request the Investor's permission to proceed. If the Investor does not give permission within 28 days after being requested to do so, the Contractor may, by giving notice to the Investor, treat the suspension as an exemption of implementation of the affected part of the Works. If the suspension affects the whole of the Works, the Contractor may give notice of termination.

Article 56. Payment for Plant and Materials in Event of Suspension

The Contractor shall be entitled to payment of the value (as at the date of suspension) of Plant and/or Materials which have been delivered to Site, if:

(a) the work on Plant or delivery of Plant and/or Materials has been suspended for more than 28 days, and

(b) the Contractor has marked the Plant and/or Materials as the Financier's property in accordance with the Engineer's instructions.

Article 57. Resumption of Work

After the permission or instruction to proceed is given, the Contractor and the Engineer shall jointly examine the Works and the Materials affected by the suspension. The Contractor shall make good any deterioration, defect or loss of the Works or Materials, which has occurred during the suspension.

IX TESTING ON COMPLETION

Article 58. Obligations of the Contractor during the Testing

The Contractor shall carry out the Tests on Completion in accordance with the Contract.

The Contractor shall give to the Engineer not less than 21 days' notice of the date after which the Contractor will be ready to carry out each of the Tests on Completion. Unless otherwise agreed, Tests on Completion shall be carried out within 14 days after this date, on such day or days as the Engineer shall instruct.

Tests on Completion shall be carried out in line with the standards in accordance with the Laws of the Republic of Serbia and the Testing Programme defined within the Design for Execution of Works.

Conformity of the executed works and installed equipment to TSI shall be verified by the Notified Body, pursuant to Article 10 hereof.

If the Tests on Completion are being unduly delayed by the Investor, Article 44 and/or Article 61 shall be applicable.

In the event of unjustified delay in tests on completion due to the Contractor's fault, the Engineer shall be entitled to request the Contractor to carry out the tests within 21 days from the receipt of such request. The Contractor shall carry out the tests on such day or days as the Engineer shall instruct and notify to the Contractor.

If the Contractor fails to carry out the Tests on Completion within the period of 21 days, the Investor's Personnel may proceed with the Tests at the risk and cost of the Contractor. The Tests on Completion shall then be deemed to have been carried out in the presence of the Contractor and the results of the Tests shall be accepted as valid.

If the Works or part of the Works, fail to pass the Tests on Completion, the works shall be deemed to have been rejected, and the Engineer or the Contractor may require the Tests to be repeated under the same terms and conditions. If negative Test Results are related to traffic safety, the Engineer is obliged to stop the Works in line with the Law on Planning and Construction and Law on Safety and Interoperability of Railway until deficiencies are finally remedied.

If the Works, fail to pass the repeated Tests on Completion, the Engineer shall be entitled to:

1. order further repetition of Tests on Completion:
2. if the failure deprives the Investor of substantially the whole benefit of the Works, reject the Works (as the case may be), in which event the Financier and the Investor shall have the same remedies as are provided in Article 62, or
3. issue a Taking-Over Certificate, if the Financier and Investor so request.

In the event that the Engineer issues a Taking-Over Certificate, the Contractor shall then proceed in accordance with all other obligations under the Contract, and the Contract Price shall be reduced by such amount as shall be appropriate to cover the reduced value to the Financier and the Investor as a result of this failure. Unless the relevant reduction for this failure is stated (or its method of calculation is defined) in the Contract, the Financier and the Investor may require the reduction to be amicably agreed and paid before this Taking-Over Certificate is issued.

X TAKING OVER BY THE INVESTOR

Article 59. Taking over the Works and Sub-sections

The Investor shall take over the Works once the Taking-over Certificate on completion of Works is issued.

The Contractor is obliged to inform in writing the Engineer about the Time for completion of construction works and their readiness for Technical Acceptance not later than 28 days before the completion of the Works. The Contractor also has the right to submit the request for Technical Acceptance for each Sub-section individually. Taking over of Sub-sections shall refer to the works for the functioning of railway which are finished fully in accordance with design documentation.

Technical Acceptance of the Works is provided for by the Investor in line with the laws of the Republic of Serbia. Technical Acceptance is performed by the Committee for Technical Acceptance.

Article 60. Committee for Technical Acceptance

The Contractor is obliged to cooperate with the Committee for Technical Acceptance and to act according to all the requirements from that Committee.

The Engineer and the Contractor are obliged to provide to the Committee for Technical Acceptance all the necessary documentation in line with the Law on planning and construction and the Rule Book on the content and the method of conducting technical acceptance and issuing of the necessary licenses.

In case the Committee for Technical Acceptance makes remarks to the as-built works in its report, the Contractor is obliged to remedy Works in the deadline proposed by the Committee.

If the Contractor does not act in line with the remarks from the Committee for Technical Acceptance in the proposed deadline, the Financier and Investor shall by hiring third parties remove the defects, at the expense of the Contractor.

Upon receiving a positive report from the Committee for Technical Acceptance, the Financier, the Investor, the Engineer and the Contractor shall, without delay, and no later than 7 days, initiate the taking-over and the final calculation of the as-built works.

The Contractor shall, on the basis of the Protocol on taking-over and the final calculation deliver the Final Payment Certificate.

Article 61. Issuing of the Taking-Over Certificate

The Committee for Technical Acceptance shall issue positive report within 28 days after the Contractor's application submission and their findings that the Works are technically acceptable.

The Engineer is obliged, within 28 days from the receipt of the positive report by the Committee for Technical Acceptance conducting as per relevant regulations to issue to the Contractor a Taking-over Certificate with a note of the date of the completion of Works or the Sub-section in line with the Contract.

By positive report of the Committee for Technical Acceptance in the preceding paragraph shall be considered positive report regarding the technical acceptance and/or positive report about technical regularity of Works or Sub-section in case the works linked with safe opening of the railway for traffic are done successfully, and some other contracted works the Contractor has to complete, but which do not affect safe traffic, are missing.

Taking-Over Certificate shall include the list of these uncompleted works and reasonable deadlines for their completion, which cannot be longer than 12 months.

The Investor may not use any part of the Works (apart for temporary purposes foreseen by the Contract or agreed between the parties of the Contract), until the Engineer issues a Taking-over Certificate for this part. However, if the Investor uses any part of the Works before the Taking-over Certificate is issued:

1. the used Sub-section shall be deemed accepted on the date it was first used,
2. the Contractor ceases to be responsible for taking care of that Sub-section starting from that date, when the responsibility is transferred to the Investor, and
3. at the request of the Contractor, the Engineer shall issue the Taking-over Certificate of that Sub-section.

Upon issuing of the Taking-over Certificate of Sub-section of the Works by the Engineer, the Contractor must be enabled as soon as possible to undertake all measures necessary for completion of potentially remaining testing at the completion of Works. The Contractor is obliged to perform the testing in the shortest possible time and before the expiry date of the relevant Defects Notification Period.
If the Contractor incurs Cost as a result of the Financier and Investor taking over and/or using a part of the Works, other than such use as is specified in the Contract or agreed by the Contractor, the Contractor shall (i) give notice to the Engineer and (ii) be entitled subject to Article 99 to payment of any such Cost plus reasonable profit, which shall be included in the Contract Price. After receiving this notice, the Engineer shall proceed in accordance with Article 9 to agree or determine this Cost and profit.

If a Taking-Over Certificate has been issued for a part of the Works (other than a Sub-section), the delay damages thereafter for completion of the remainder of the Works shall be reduced. Similarly, the delay damages for the remainder of the Sub-section (if any) in which this part is included shall also be reduced. For any period of delay after the date stated in this Taking-Over Certificate, the proportional reduction in these delay damages shall be calculated as the proportion which the value of the part so certified bears to the value of the Works or Sub-section (as the case may be) as a whole. The Engineer shall proceed in accordance with Article 9. to agree or determine these proportions. The provisions of this paragraph shall only apply to the daily rate of delay damages under Article 54 and shall not affect the maximum amount of these damages.

If the Contractor is disabled to continue with the testing upon completion for longer than 14 days and by the fault of the Financier and Investor, it shall be deemed that the Investor has taken over the Works or the Sub-section (depending on the case) on the day the testing would otherwise be completed.

The Engineer shall then issue the Taking-over Certificate and the Contractor shall be obliged to perform the testing in the shortest possible time and before the defects notification period expires. The Engineer shall submit the request for testing 14 days in advance and in line with the relevant provisions from the Contract.

XI RESPONSIBILITY FOR DEFECTS IN THE DEFECT NOTIFICATION PERIOD

Article 62. Completion of Outstanding Work and Remedying Defects

Defect Notification Period for reporting defects for as-built works shall start upon Taking Over of the first sub-section and end 1 (one) year after the Taking Over of the last Sub-section. For the built-in equipment and devices there is a warranty period in line with the manufacturer's conditions and which is effective from the date of delivery to Site.

The warranty period for as-built works and removal of defects which are the consequence of designing errors or errors in execution of works is 5 (five) years counting from the date the Taking-over Certificate of Works to the Financier and Investor is issued. This period includes the Defect notification period. In this period the Contractor must remove all defects and its consequences, which have resulted from errors in designing or execution of works. The built-in equipment shall have the manufacturer's warranty period.

In order for the Works, Contractor's documentation as well as each Sub-section to be brought to the condition foreseen by the Contract (taking into account normal wear and tear) until the expiry of the deadline for notifying defects or as soon as possible before that, the Contractor is obliged to:

1. complete all the works which were not completed until the day stated in the Taking-over Certificate within a reasonable deadline defined by the Engineer, and
2. perform all the works necessary for removal of defects or damages reported by the Engineer or the Investor prior to or at the date of expiry of the deadline for reporting defects in Works or Sub-sections (depending on the case).

If a defects or damage occurs, the Engineer or the Investor shall inform the Contractor accordingly.

All the work foreseen for Completion of the remaining works and removal of defects shall be conducted at the risk and at the expense of the Contractor if it is necessary because of:

1. Works design, unless the designs the Financier or the Investor is responsible for (if there are any),
2. facilities, material or workmanship which are not in line with the Contract,
3. irregular exploitation or maintenance due to matters the Contractor is responsible for, or
4. the Contractor's failure to fulfill any of his obligations.

If the need for such work may be attributed to some other source, the Financier and Investor are obliged to notify the Contractor immediately thereof (or have someone else do it for them) and Article 56 shall apply.

The Financier and Investor have the right, in line with the Contract, to an extension of the deadline for reporting defects in Works or Sub-sections, if after the acceptance it is determined that the Works, some Sub-section or an important part of works (depending on the case) may not be used for the prescribed purposes due to defects or damage which disables the Sub-sections functionality.

If the Contractor does not remove any defects or damage within a reasonable deadline, but not longer than 28 days, the Financier and Investor have the right to define (or have someone else do it for them) a deadline for removal of that defects or damage.

If delivery and/or erection of Plant and/or Materials was suspended under Article 55 or Article 80, the Contractor's obligations under this Article shall not apply to any defects or damage

occurring more than one year after the Defects Notification Period for the Plant and/or Materials would otherwise have expired.

If the Contractor does not remove any defects or damage within the newly defined deadline, which was supposed to be done at the expense of the Contractor in line with the Contract, the Financier and Investor have the right (in their own discretion) to:

1. remove the defects or damage themselves or have someone else do it in an appropriate manner and at the expense of the Contractor for removal of defects in the Defect Notification Period. However the Contractor does not bear any responsibility for those works;
2. require from the Engineer to approve or determine an appropriate deduction from the amount of the Contract; or
3. if due to a defects or damage the Financier or the Investor are devoid of full benefit from Works or an important Sub-section of the Works, terminate the Contract in whole or just the part related to the above mentioned important Works which may not be utilized according to its purpose. The Financier and Investor furthermore have the right for compensation of the amount paid for the Works or Sub-section of the Works (depending on the case), with interest on arrears, and of the de-installation costs, clearing of the construction site and returning the facilities and material to the Contractor, without influencing all his other rights in line with the Contract or according to some other basis.

If the work on the removal of any defects or damage may influence the performance of the Works, the Engineer has the right to demand any examination foreseen by the Contract be repeated, including examination upon completion and examination after the completion. The request is submitted within 28 days from the removal of the defects or damage.

These examinations are conducted under the same terms as the previous ones, the difference being that they are done at the risk and at the expense of the responsible party in line with Para. 2 of this Article.

Until the Perfomance Certificate is issued, the Contractor has the right of access to all Sub-sections of the Works and to records on exploitation and performance of Works, with limitations required by the safety measures.

At the request of the Engineer, the Contractor is obliged to examine the causes of any defects according to the instructions from the Engineer. If the expenses of removal of defects are not borne by the Contractor in line with Para. 2 of this Article, the examination costs shall be agreed and determined by the Engineer and they are borne by the Financier.

The performance of obligations by the Contractor may not be deemed complete until the Engineer issues the Performance Certificate to the Contractor.

The Engineer is obliged to issue the Performance Certificate within 28 days from the expiry of the final Defects Notification Period, when the Contractor submits the Contractor's documentation and completes and tests all the Works, with the removal of potential defects. A copy of the Performance Certificate is issued to the Financier and Investor.

The Performance Certificate is exclusively deemed to be the evidence of acceptance of Works.

Upon issuing the Performance Certificate each party remains responsible for implementation of each obligation unfulfilled by then. For the needs of defining the nature and the scope of unfulfilled obligations, the Contract is still considered legally valid.

The Contractor is obliged to, upon receipt of the Performance Certificate, from the construction site, remove all the remaining equipment of the Contractor, surplus of material, ruins, garbage and temporary works.

If the mentioned issues are not removed within 56 days from the receipt of the Performance Certificate by the Investor, the Investor have the right to sell or dispose of in another way with all the remaining things. The Financier and Investor have the right to a compensation of costs they were exposed to relate to sale or removal of those things and returning the construction site into its previous condition.

Potential balance from the sale is paid to the Contractor. If that amount is smaller than the expenses of the Investor, the Contractor is obliged to pay the balance to the Investor.

XII VARIATIONS AND ADJUSTMENTS

Article 63. Right to Vary

For any change or deviation from the design the Engineer and the Contractor must have a written approval from the Financier and Investor.

The Contractor may not demand a change in the Contract Price for works which he has executed without the written approval from the Financier and the Investor.

Variations may be initiated by the Engineer at any time prior to issuing the Taking-Over Certificate for the Works, either by an instruction or by a request for the Contractor to submit a proposal. A Variation shall not comprise the omission of any work which is to be carried out by others.

The Contractor shall execute and be bound by each Variation, unless the Contractor promptly gives notice to the Engineer stating (with supporting particulars) that (1) the Contractor cannot readily obtain the Goods required for the Variation, (2) it will reduce the safety or suitability of the Works, or (3) it will have an adverse impact on the achievement of the Guarantees, deadline and quality. Upon receiving this notice, the Engineer shall cancel, confirm or vary the instruction.

The Contractor may, at any time, submit to the Engineer a written proposal which (in the Contractor's opinion) will, if adopted, (1) accelerate completion, (2) reduce the cost to the Financier/Investor of executing, maintaining or operating the Works, (3) improve the efficiency or value to the Financier/Investor of the completed Works, or (4) otherwise be of benefit to the Financier/Investor.

The proposal shall be prepared at the cost of the Contractor and shall include the items listed in Article 64. (Variation Procedure).

Article 64. Variation Procedure

If the Engineer requires a proposal prior to issuing an order for some change, the Contractor shall be obliged to respond in writing in the shortest possible time, stating the reasons why he may not accept that request (if that is the case) or by submitting:

1. a description of the proposed design and/or works which were supposed to be executed and the programme of their execution,
2. the Contractor's proposal related to the necessary changes to the programme in line with the Contract , and

3. the Contractor's proposal for correction of the Contract Price.

After receiving such a proposal, the Financier and the Investor are obliged to respond in the shortest possible time in the form of approval, rejection or remark. The Contractor may not postpone any work in expectation of the response.

The Engineer issues an order to the Contractor related to any change with the condition for recording costs, where the Contractor is obliged to confirm the receipt.

The Contractor is obliged to, at the request of the Engineer, submit the offers, invoices, confirmations and calculations or receipts as evidence.

Article 65. Adjustments for Changes in Legislation

The Contract Price shall be adjusted to take account of any increase or decrease in expense resulting from a change in the Laws of the Republic of Serbia (including the introduction of new Laws and the repeal or modification of existing Laws) or in the judicial or official governmental interpretation of such Laws, made after the Base Date, which affect the Contractor in the performance of obligations under the Contract.

If the Contractor suffers (or will suffer) delay and/or incurs (or will incur) additional Cost as a result of these changes in the Laws or in such interpretations, made after the Base Date, the Contractor shall give notice to the Engineer and shall be entitled:

1. an extension of time for any such delay, if completion is or will be delayed, and

2. payment of such expense, which shall be included in the Contract Price.

Upon receipt of that notification, the Engineer shall act in order to confirm or determine those issues.

XIII PAYMENT PROCEDURE

Article 66. Advance Payment

The Engineer shall verify the payment certificate for the first part of the advance payment in the amount of 20% of the Accepted Contract Amount upon receipt of payment certificate and when the Financier receives the Performance Guaranteeand Guarantee for the first part of the advance payment. The Contractor is obliged to ensure that this Guarantee is valid and applicable until this advance payment is justified through interim payment certificate.

Contractor will issue second part of advance payment certificate 28 days after finishing of Design for Construction Permit. The Engineer shall verify the payment certificate for the second part of the advance payment in the amount of 5% of the Accepted Contract Amount upon receipt of payment certificate and when the Financier receives the Guarantee for the second part of the advance payment. The Contractor is obliged to ensure that this Guarantee is valid and applicable until this advance payment is justified through interim payment certificate, too.

The repayment for the Advance payment from each interim payment certificate shall be 30% until the Advance payment is fully repaid.

Article 67. Plant and Material intended for the Works

Interim Payment Certificates shall include, under paragraph 2 of Article 68:
(i) an amount for Plant and Materials which have been delivered to the Site for incorporation in the Permanent Works, and
(ii) a reduction of amounts certificated in all previous Payment Certificates when the contract value of such Plant and Materials is included as part of the Permanent Works.

The Engineer shall determine and certify each addition if the following conditions are satisfied:
(a) the Contractor has:
  (i) kept satisfactory records (including the orders, receipts, Costs and use of Plant and Materials) which are available for inspection, and
  (ii) submitted a statement of the Cost of acquiring and delivering the Plant and Materials to the Site, supported by satisfactory evidence; and either:
(b) the relevant Plant and Materials:
  (i) have been delivered to and are properly stored on the Site, are protected against loss, damage or deterioration, and appear to be in accordance with the Contract.

The additional amount to be certified shall be the equivalent of 80% of the Engineer's determination of the cost of the Plant and Materials (including delivery to Site), taking account of the documents mentioned in this Article and of the contract value of the Plant and Materials. The currencies for this additional amount shall be the same as those in which payment will become due when the contract value is included under paragraph 2 of Article 68. At that time, the Payment Certificate shall include the applicable reduction which shall be equivalent to, and in the same currencies and proportions as, this additional amount for the relevant Plant and Materials.

Article 68. Application for Issuing Interim Payment Certificates

The Contractor is obliged to submit to the Engineer, along with the interim payment certificate, the Report in six copies upon the expiry of the agreed payment period (if this period is not stated, at the end of each month) in the form approved by the Engineer, where the amounts the Contractor deems he has the right to are detailed, and with accompanying documentation including the relevant report on the progress of works.

The report contains the following items, as necessary, which are expressed in various currencies where the Contract Price is payable, in line with the presented order:
1. estimated contract value of the Works executed and Contractor's documentation;
2. retention money at a rate of 5% of the contract value of executed Works and Contractor's Documentation;
3. any other additions or deductions which may have become due under the Contract;
4. with every interim payment certificate the Contractor is obliged to submit the dynamic plan with an overview of the condition of works and a proposal for measures for removal potential delays in implementation.

If the Contractor does not submit the payment certificate with all the annexes from this Article, Chinese Bank, at the request of the Financier, and the Financier in his proportional part of the financial share, shall not perform the payment of certificates for which the complete documentation has not been submitted.

Article 69. Verification of the payment certificate

No amount may be verified or paid before the Financier and Investor receive and approve the performance guarantee. After that the Engineer is obliged to, within 28 days from the receipt of the payment certificate, the Report and the accompanying documentation, verify the

payment certificate for the Financier and Investor. The payment certificate must contain the amount whose maturity was objectively determined by the Engineer.

A Payment Certificate shall not be withheld for any other reason, although:

1. if any thing supplied or work done by the Contractor is not in accordance with the Contract, the cost of rectification or replacement may be withheld until rectification or replacement has been completed; and/or

2. if the Contractor was or is failing to perform any work or obligation in accordance with the Contract, and had been so notified by the Engineer, the value of this work or obligation may be withheld until the work or obligation has been performed.

Article 70. Payment

The Financier is obliged to submit payment certificate to the Chinese Bank the undisputable part of the certificate according to the loan Agreement and is responsible for his payment timely to the Contractor, after received:

1. the amount verified in each certificate within 35 days after the receipt of the verified payment certificate, Report and accompanying documentation by the Engineer; and
2. the amount confirmed in the final certificate within 35 days from the receipt of the certificate by the Contractor, verified by the Engineer.

Article 71. Payment of the retention money

Upon the receipt of the Taking-Over Certificate for Works, and when those Works or the Sub-section have passed through all necessary tests , including theTests on Completion , the Contractor will submit the payment certificate and the Engineer shall verify the payment of the first half of the retention money. If Taking-Over Certificate is issued for a Sub-ection, the relevant percentage for the payment of the first half of the retention money shall be verified.

Immediately upon expiry of the last date of the Defect Notification Periods, the Contractor shall submit payment certificate, and Engineer shall verify for payment remaining part of theretention money. If the Taking-Over Certificate is issued for a Sub-section, the relevant percentage of the remaining amount of the retention money shall be verified immediately upon expiry of the last date of the Defects Notification Periods for this Sub-section.

However, if upon the expiry of the Defects Notification Period remains that the Contractor has to execute some other works, Engineer will withold the amount which he estimates as a value of the remaining works.

Upon issuing Taking-Over Certificate, If Contractor wishes to release the whole amount of the retention money, he has to submit the Bank Guarantee for retention money in the amount of 50% of the retention money with the validity period 28 days longer than Defect Notification Period. This bank guarantee has to comply with the same conditions as other bank guarantees comply with according to the Contract.

Article 72. Statement on Completion

The Contractor is obliged to, within 56 days from the receipt of the Taking-Over Certificatesubmit to the Engineer together with the Statement on completion and the accompanying documentation, the final certificate in six copies, which shall contain:

1. value of the works executed in line with the Contract up to the date stated in the Taking-over Certificate of Works,

2. any other amounts which the Contractor deems due, and
3. an estimate of any other amounts which the Contractor deems payable for himself in line with the Contract. The estimated amounts are presented separately in that Final Statement.

Engineer is then obliged to perform the verification in line with the provisions from this Contract.

Article 73. Application for Final Payment Certificate

The Contractor is obliged to, within 28 days from the date of receipt of the Performance Certificate, submit to the Engineer in six copies the draft of the Final Statement with the accompanying documentation in the form approved by the Engineer, where the following is presented:

1. the amount of all as-built works in line with the Contract, and
2. all other amounts to which the Contractor claims the right to in line with the Contract or as per some other grounds.

If the Engineer does not agree or if he is not able to verify any part of the Final Statement draft, the Contractor shall submit to the Engineer further data which he may reasonably demand, and make changes they agree on in the draft as may be agreed between them. The Contractor then prepares and submits to the Engineer the Final Statement in the agreed form. This agreed statement is mentioned in these Terms as the "Final Statement".

If after the discussion between the Engineer and the Contractor and possibly agreed changes in the Final Statement draft, it is determined that there is a dispute the Engineer is obliged to submit to the Investor the interim payment certificate (with one copy for the Contractor) for the agreed parts of the Final Statement draft. After that, if the dispute is finally resolved by the DAB or through an amicable dispute resolution, the Contractor shall prepare and submit to the Financier and Investor the Final Statement (with a copy for the Engineer).

When submitting the Final Statement, the Contractor is obliged to submit the justification in writing by which it is confirmed that the total amount stated in the Final Statement covers all the Contractor's claims in line with the Contract or related to the Contract. The justification may state that it becomes legally valid when the Contractor receives the performance guarantee and the remaining amount, starting from that date.

Article 74. Issue of the Final Payment Certificate

Within 28 days from the receipt of the Final Statement and the justification in writing, the Engineer is obliged to issue to the Investor and the Financier the final payment certificate which contains:

1. the amount due for payment, and
2. the remainder (if any) which the Financier and Investor owe to the Contractor or which the Contractor owes to the Financier and Investor, depending on the case, taking into account all the amounts the Financier and Investor have previously paid and all the amounts the Financier and Investor are entitled to.

In case the Contractor has not submitted the request for issuing of the final payment certificate, the Engineer has the right to demand from him to do so. If the Contractor does not submit the request within 28 days, the Engineer has the right to issue the final payment certificate to the amount which he finds objectively due.

Article 75. Cessation of the liability of the Financier and Investor

The Financier and the Investor shall not be liable to the Contractor for any matter or thing under or in connection with the Contract or execution of the Works, except to the extent that the Contractor shall have included an amount expressly for it:

(a) in the Final Statement and also

(b) (except for matters or things arising after the issue of the Taking-Over Certificate of the Works) in the Statement at completion described in Article 72.

Provision from Para. 1 of this Article of the Contract does not limit the liability of the Financier and Investor regarding the compensation for damages or the liability of the Financier and Investor in case of fraud, willful failure to fulfill the obligations or fraudulent behaviour by the Financier and Investor.

XIV TERMINATION BY THE FINANCIER AND INVESTOR

Article 76. Termination by the Financier and Investor

In case the Contractor fails to perform any of his obligations from the Contract, the Engineer has the right to warn him and to demand that he corrects the failure in a defined reasonable deadline by a notice.

The Financier and Investor have the right to terminate this Contract in case the Contractor:

1. fails to act in line with its obligation in respect of the Performance Guarantee under Article 14 or with paragraph 1 of this Article,
2. abandons the Works or clearly state in any other way his intention not to continue fulfilling his obligations from the Contract,
3. without reasonable excuse fails:
   3.1. to initiate the Works in line with Chapter VII, or
   3.2. acts in line with the notification issued in line with Article 45 or Article 46 within 28 days from the receipt,
4. concludes a sub-Contract for the entire Works or assigns the Contract without the necessary approvals,
5. goes under liquidation or becomes insolvent, bankrupt, sequestered, agrees to settle with his creditors, or does his business under the administrative receiver on behalf of the creditors or in case of any part or event which (according to the relevant law) produces the effect similar to the effect of the above mentioned actions or events, or
6. submits or offers (directly or indirectly) to someone bribe, gift, tip, commission or any other valuable item as an incentive or reward:
   6.1. for acting or not acting in relation to the Contract, or
   6.2. for favouring or not favouring someone regarding the Contract or in case any of the Contractor's employees, representative or subcontractor submits or offers to someone (directly or indirectly) any of the above mentioned incentives or reward from this paragraph. However, the legally provided incentives or rewards to the Contractor's staff do not provide sufficient grounds for termination.

In case of such events or circumstances, the Financier and Investor have the right to terminate the Contract with a 14 day notice period and to remove the Contractor from the construction site. However, in the cases foreseen in point (5) or (6) of the previous paragraph, the Financier and Investor have the right to an immediate termination of the Contract.

Decision by the Financier and Investor to terminate the Contract does not affect any other rights of the Financier and Investor foreseen by the Contract or otherwise.

The Contractor is then obliged to leave the construction site and to deliver to the Engineer all the required goods, the entire Contractor's documentation and all other project documentation

which he has prepared or which has been prepared for him. However, the Contractor is obliged to immediately act in line with the orders contained in the dismissal for (1) transfer of any of the sub-Contract and (2) for protection of persons or property or safety of the Works.

Upon the termination, the Financier and Investor may complete the Works on their own, or to have other persons do that on their behalf. The Financier and Investor and those other persons may use all the goods, Contractor's documentation and other project documentation prepared by the Contractor or prepared on his behalf.

The Investor then notifies the Contractor that his equipment and temporary works shall be handed over at or in the vicinity of the construction site. The Contractor is obliged to immediately take care of their removal at the risk and at the expense of the Contractor. However, if by then the Contractor does not settle the claims from the Financier and Investor, the Financier and Investor have the right to sell those items for the purpose of settlement of their own claims and to pay the potential balance to the Contractor.

Article 77. Valuation at the Date of Termination

In the shortest possible time from the date the dismissal given in line with Article 76 becomes legally valid, the Engineer shall determine the amount of the Works, goods and documentation of the Contractor and all other amounts payable to the Contractor for the works executed in line with the Contract.

Article 78. Payment after Termination

Once the notice of termination under Article 76 becomes legally valid, the Financier and Investor may:

1. suspend all further payments to the Contractor until the costs are determined related to designing, execution and completion of Works and removal of defects, compensation for damages due to (possible) delays and all other expenses which the Financier, and the Investor has had, and/or
2. recover from the Contractor a compensation for all the losses and damages suffered and expenses they had related to completion of the Works. From that amount the potential amount payable to the Contractor is deducted, payable in line with Article 77. Upon collection of those losses, damages and additional expenses, the Financier and Investor shall pay the possible difference to the Contractor.

Article 79. Entitlement to Termination of the Financier and Investor

The Financier and Investor have the right to terminate the Contract whenever it is convenience for them by submitting a termination notice. The termination becomes legally valid 30 days from the submission of the termination notice to the Contractor or from returning the performance guarantee to the Contractor by the Financier and Investor. The Financier and Investor do not have the right to terminate the Contract based on this paragraph in order to execute the Works themselves or hire some other Contractor to do it.

After the termination, the Contractor acts in line with Article 82 and he shall receive the payment for the executed works in line with the provisions from this Contract.

XV SUSPENSION AND TERMINATION BY THE CONTRACTOR

Article 80. Contractor's Entitlement to Suspend Work

If the Engineer does not verify a interim payment certificate or if the Financier does not submit it for payment to the Chinese Bank or if the Financier does not comply with Article 70, the Contractor may, after giving not less than 21 days' notice to the Financier and Investor, to suspend the Works (or to slow down the execution of the Works) until he receives the payment certificate or reasonable evidence of payment.

Such action by the Contractor does not influence his right to financing charges under Article 70 and his rights under Article 81.

If the Contractor later does accept the requested payment or sufficient proof about the submission of the certificate for payment, prior to submission of the termination notice, he is obliged to continue normal activities in the shortest possible time.

In case the Contractor is late and/or is exposed to expenses due to suspension of the Works (or reducing rate of the work) in terms of this Article, he shall notify the Engineer thereof and has the right to:

1. an extension of time for any such delay, if there is a delay or there is about to be a delay in completion of the Works, and
2. payment of any such Costs, which shall be included in the Contract Price.

After receiving this notice, the Engineer performs harmonization or determination of those issues.

Article 81. Termination by the Contractor

The Contractor has the right to terminate the Contract if:

1. he does not receive a valid proof of delivery for payment to the Chinese Bank within 42 days from the submission of notification from the previous Article,
2. the Engineer does not issue the relevant certificate within 56 days from the receipt of the report and the accompanying documentation,
3. the Financier and Investor substantially fails to perform his obligations under the Contract,
4. a longer suspension influences the complete Works.

In each of these cases the Contractor has the right to terminate the Contract with the notification period of 14 days. Decision by the Contractor to terminate the Contract shall not influence any other rights of the Contractor foreseen in the Contract or based on any other grounds.

Article 82. Termination of the Works and removal of the Contractor's equipment

Once the termination becomes legally valid the Contractor immediately:

1. stops with the execution of works, apart from those which the Engineer has ordered for the protection of persons or property or safety of the Works,
2. submits the Contractor's documentation, facilities, material and other works for which the Contractor has received payment , and
3. removes the remaining goods from the construction site, apart from that which is necessary for safety reasons, and leaves the construction site.

Article 83. Payments on Termination

Once the termination under the provisions from the Termination by the Contractor becomes legally valid, the Financier is obliged to immediately:

1. return to the Contractor the performance guarantee,

2. perform the payment to the Contractor in line with the provisions according to the provisions regarding Optional Termination, payment and release, and
3. pay to the Contractor the amount of the lost profit or other losses or damage the Contractor has suffered due to the termination.

XVI RISK AND LIABILITY

Article 84. Compensation for Damages

The Contractor is obliged to indemnify and hold harmless the staff of the Financier and Investor and their representatives from all claims, damages, losses and expenses (including legal costs) related to:

1. bodily harm, illnesses or death of any person as the consequence of the design, execution or completion of the Works and removal of defects, if that can not be attributed to neglect, willful act or breach of the Contract by the Financier or the Investor, staff of the Financier and Investor or their representatives, and
2. damage or loss of property, immobile or personal (apart from the Works), to an extent to which such damage or loss:
3. resulted as a consequence of the design, execution or completion of the Project and removal of defects, and
4. may be attributed to neglect, willful act or breach of the Contract by the Contractor, staff of the Contractor, their representatives or any other person they hire directly or indirectly.

The Financier and Investor are obliged to indemnify and hold harmless the Contractor, the staff of the Contractor and their representatives all claims, damages, losses and expenses (including legal costs) related to:

1. bodily harm, illnesses or death as the consequence of neglect, willful act or breach of the Contract by the Financier or the Investor, staff of the Financier and Investor or their representatives, and
2. matters for which the liability may be excluded from the coverage by insurance foreseen in Article 90. Para. 2. Point 4.

Article 85. Taking Care of the Works by the Contractor

The Contractor assumes all responsibility for taking care of the Works and the goods starting from the Commencement Date to the issuing of the Taking-over Certificate of the Works, when the responsibility for taking care of the Works is transferred to the Investor. When the Taking-over Certificate is issued for some Sub-section of the Project, the responsibility for taking care of that Sub-section is transferred to the Investor.

When the responsibility is transferred to the Investor, the Contractor shall assume the responsibility for taking care of remaining works on the date indicated in the Taking-over Certificate, until those works are completed.

In case of loss or damage to the works, goods or Contractor's documentation until the Contractor is responsible for taking care of them, due to a reason not stated in the provisions of Article 86. Risks of the Financier and Investor, the Contractor is obliged to compensate the loss or repair the damage at his own risk and at his own expense, so that the Works, goods and the documentation are in line with the Contract.

The Contractor is responsible for every loss or damage caused by some of his actions upon the issuing of the Taking-Over Certrificate. The Contractor is also responsible for every loss or

damage caused after the issuing of the Taking-over Certificate due to an earlier event for which the Contractor was responsible.

Article 86. Risks of the Financier and Investor

Risks which are indicated in this Article and are related to:

1. wars, animosities (regardless of whether the war has been declared or not), invasion, acts by foreign enemies,
2. riots, terrorism, revolution, uprising, military or usurped power or civil war in the country,
3. riots or rebellions in the country caused by persons not belonging to the staff of the Contractor and other employees of the Contractor and subcontractor,
4. ammunition, explosive devices, ionizing radiation or radioactive pollution in the country, apart from those which may attributed to Contractor's cleaning of that ammunition, explosive devices, radiation or radioactivity,
5. air strikes caused by airplanes or other flying devices flying at or above the speed of sound.
6. loss or damage due to the use or occupation by the Financier and the Investor of any Sub-section or part of the Permanent Works, except as may be provided for in the Agreement.
7. obligations of the Financier and the Investor as stated in the Contract.
8. any operation of the force of nature against which an experienced contractor could not reasonably have been expected to take precautions.

In case all these risks lead to losses or damage to the Works, goods or Contractor's documentation, the Contractor is obliged to notify the Engineer thereof immediately and to compensate those losses or damage to an extent to which the Engineer demands it.

If the Contractor suffers delay and/or is exposed to costs due to compensation of such losses or damages, he shall inform the Engineer thereof and shall have the right to:

1. an extension of time for any such delay, if completion is or will be delayed, and
2. payment of any such Cost, which shall be included in the Contract Price. In the case of this Article, Items 7. and 8. reasonable profit on the Cost shall also be included.

Upon the receipt of the above mentioned further notification, the Engineer harmonizes or determines those matters.

Article 87. Intellectual and Industrial Property Rights

In this Article the term "infringement " shall mean infringement of some patent right, registered design, copyright, trademark, trade name, commercial secret or other intellectual and industrial property rights which are related to the Project, and the term "claim" represents the claim submitted due to the supposed infrigement.

Whenever a Party does not give notice to the other Party of any claim within 28 days of receiving the claim, the first Party shall be deemed to have waived any right to indemnity under this Article.

The Financier and Investor are obliged to inform and protect the Contractor from any claim for the supposed infringement which was:

1. unavoidable due to the Contractor's actions in line with the requests by the Financier and Investor, or
2. a consequence of using the Project by the Financier and Investor:

2.1. for the purposes not stated in the Contract or which the Contract does not foresee, or
2.2. in relation to something which the Contractor did not deliver, if the Contractor was not notified about such use before the Base Date or if it was not foreseen by the Contract.

The Contractor is obliged to indemnify and hold harmless the Financier and Investor from all other claim which arises from or in relation to (1) the Contractor's design, production, construction or execution of Works, (2) use of the Contractor's equipment or (3) proper use of the Project.

If one party has the right to indemnification in line with this Article, the other party may (at his own expense) lead the negotiations regarding that indemnification, initiate a DAB or submit the dispute to arbitration. The other party is obliged to, at the request and at the expense of the first party, offer assistance in disputing the claim. That other party and its staff may not admit anything which might influence the party owing the indemnification, unless that party has not initiated negotiations, procedure or arbitration at the request of the other party.

XVII INSURANCE

Article 88. General Insurance Terms

In this Chapter (XVII. INSURANCE), "the party which provides the insurance" represents with all types of insurance the party responsible for conducting and maintaining the insurance foreseen by the provisions of this Contract.

The Contractor is obliged to insure the works and the persons under the conditions approved by the Financier and Investor.

According to each insurance policy from loss or damage, the payments are made in currencies necessary for compensation of the loss or damage. The funds which the insurers pay out are used to compensate the loss or damage.

The Contractor is obliged to within 28 days from the day of coming into force of this Contract submit to the other side:

1. proof that the insurance was foreseen by this Article, and
2. copies of insurance policies foreseen in the provisions Insurance of the Works and the Contractor's equipment and Insurance from the injuries to persons and damage to property.

Upon payment of each premium, the party which provides insurance shall submit to the Financier and Investor a proof of that payment. Upon submission of the proof of payment, the party which provides insurance informs the Engineer thereof.

Article 89. Insurance of Works and Contractor's Equipment

The Contractor is obliged to insure the works, facilities, material and documentation at least for the amount which would be necessary for their compensation, with the costs related to demolition and removal of ruins, professional compensations and profit. This insurance lasts from the date of submission of evidence in line with Article 88 until the day the Taking-over Certificate is issued.

The Contractor is obliged to, until the date of issuing of the Performance Certificate keep the insurance from loss or damage for which the Contractor is responsible, which occur prior to the issuing the Taking-over Certificate and from the loss or damage caused by the Contractor during the execution of any other works.

The Contractor is obliged to insure the equipment to at least half of the price of its replacement, with delivery to the construction site. The entire Contractor's equipment is insured from the moment of transportation to the construction site until there is no need for it.

The insurance foreseen by this Article:

1. is done and kept by the Contractor in the function of the party providing the insurance,
2. is done jointly on behalf of the parties, which jointly have the right to payment by the insurer, whereby those payments are distributed to the parties exclusively for the needs of compensation for loss or damage,
3. covers the losses or damages the causes of which are not stated in Article Risks of the Financier and Investor,
4. also covers losses or damages of Sub-section of the Works which are ascribed to the use by the Financier and Investor or occupancy of some other Sub-section.

If upon expiry of one year from the Base Date the coverage stated in point 4 ceases to be available under the commercially acceptable conditions, the Contractor is obliged (in the capacity of the party providing the insurance) to inform the Financier and Investor with justification. The Financier and Investor in that case (1) have the right to a proportional payment of the amount which is proportional to the amount which the Contractor would expect to pay under such commercially acceptable conditions for such a coverage, and (2) approve the ommission from Article General insurance terms, if the insurance was not provided under the commercially acceptable conditions.

Article 90. Insurance against Injury to Persons and Damage to Property

The Contractor is obliged to insure every party against liability for or loss or damage of physical property (apart from items insured in line with Article 89) or against death or bodily harm of any person (apart from persons insured in line with Article 91) which may arise as a consequence of implementation of the Contract by the Contractor before the issuing of the Performance Certificate.

Insurance foreseen by this Article:

1. is done and kept by the Contractor as the insuring party,
2. is mutual on behalf of the parties,
3. is extended so as to cover liability against loss or damage of the Investor's property (apart from issues insured in line with the Article 89) occurring during the implementation of the Contract by the Contractor, and
4. may exclude liability arising from:
   4.1. the Investor's right to execution of the Main works on, above, under or through a terrain or for occupation of that terrain for the Main works,
   4.2. damage which is an inevitable consequence of the Contractor's obligation to execute the Works and remove the defects, and
   4.3. causes stated in the provisions from Risks of the Financier and Investor, apart to an extent where the coverage is available under the commercially acceptable terms.

Article 91. Insurance of the Contractor's Personel

The Contractor is obliged to take out and keep the insurance against claims, damage, loss and expenses (including legal costs) resulting from injury, illness or death of members of the Contractor's staff.

The Financier, the Investor and the Contractor also have the right to indemnification on the basis of the insurance policy, if that insurance excludes losses and claims arising from any action or negligence on the part of the Financier and Investor or their staff.

Insurance is kept completely for the whole time that staff is assisting in the execution of the Project. In case of subcontractor's staff, insurance may be provided by the said sub-contractor, however the Contractor shall remain responsible for acting in line with this Article.

Article 92. Insurance of the Third Parties

The Contractor is obliged to take out and keep the liability insurance for damages caused to third parties and property of third parties, valid for the entire period of the works that are the subject of this Contract.

The Contractor is obliged to state within the insurance policy that risks of injury to third parties in case of failure in construction site safety are covered.

XVIII FORCE MAJEURE

Article 93. Definition of Force Majeure

In this Article, "Force Majeure" means an exceptional event or circumstance:

1. which is beyond a Party's control,
2. which such Party could not reasonably have provided against before entering into the Contract,
3. which, having arisen, such Party could not reasonably have avoided or overcome, and
4. which is not substantially attributable to the other Party.

Force Majeure may include, but is not limited to, exceptional events or circumstances of the kind listed below, so long as conditions 1. to 4. above are satisfied:

1. war, hostilities (whether war be declared or not), invasion, act of foreign enemies,
2. rebellion, terrorism, revolution, insurrection, military or usurped power, or civil war,
3. riot, commotion, disorder, strike or lockout by persons other than the Contractor's Personnel and other employees of the Contractor and Subcontractors,
4. munitions of war, explosive materials, ionising radiation or contamination by radio-activity, except as may be attributable to the Contractor's use of such munitions, explosives, radiation or radio-activity, and
5. natural catastrophes such as earthquake activity, unexpected flood, gasthly wind.

Article 94. Notice of Force Majeure

If a Party is or will be prevented from performing any of its obligations under the Contract by Force Majeure, then it shall give notice to the other Party of the event or circumstances constituting the Force Majeure and shall specify the obligations, the performance of which is or will be prevented. The notice shall be given within 14 days after the Party became aware, or should have become aware, of the relevant event or circumstance constituting Force Majeure.The Party shall, having given notice, be excused performance of such obligations for so long as such Force Majeure prevents it from performing them.

Notwithstanding any other provision of this Article, Force Majeure shall not apply to obligations of either Party to make payments to the other Party under the Contract.

Article 95. Duty to Minimise Delay

Each Party shall at all times use all reasonable endeavours to minimise any delay in the performance of the Contract as a result of Force Majeure. A Party shall give notice to the other Party when it ceases to be affected by the Force Majeure.

Article 96. Consequences of Force Majeure

If the Contractor is prevented from performing any of his obligations under the Contract by Force Majeure of which notice has been given, and suffers delay and/or incurs Cost by reason of such Force Majeure, the Contractor shall be entitled to:

1. an extension of time for any such delay, if completion is or will be delayed, and
2. if the event or circumstance is of the kind described in paragraph 2, sub-paragraphs 2 to 4, in Article 93, occurs in the Republic of Serbia, payment of any such Cost.

After receiving this notice, the Engineer shall proceed to agree or determine these matters.

Article 97. Force Majeure Affecting Subcontractor

If any Subcontractor is entitled under any contract relating to the Project to relief from force majeure on terms additional to or broader than those specified in this Article, such additional or broader force majeure events or circumstances shall not excuse the Contractor's non-performance or entitle him to relief under this Article.

Article 98. Optional Termination, Payment and Release

If the execution of substantially all the Works in progress is prevented for a continuous period of 84 days by reason of Force Majeure of which notice has been given under Article 94., or for multiple periods which total more than 140 days due to the same notified Force Majeure, then either Party may give to the other Party a notice of termination of the Contract. In this event, the termination shall take effect 7 days after the notice is given, and the Contractor shall proceed in accordance with Article 82.

Upon such termination, the Engineer shall determine the value of the work done and issue a Payment Certificate which shall include:

1. the amounts payable for any work carried out for which a price is stated in the Contract;
2. the Cost of Materials ordered for the Project which have been delivered to the Contractor, or of which the Contractor is liable to accept delivery: this Materials shall become the property of the Financier and Investor (and be at the risk of) when paid for by him, and the Contractor shall place the same at the disposal of Financier and Investor;
3. any other Cost or liability which in the circumstances was reasonably incurred by the Contractor in the expectation of completing the Project;
4. the Cost of removal of Temporary Works and Contractor's Equipment from the Site and the return of these items to the Contractor's works in his country (or to any other destination at no greater cost); and

the Cost of repatriation of the Contractor's staff and labour employed wholly in connection with the Project at the date of termination.

XIX CLAIMS, DISPUTES AND ARBITRATION

Article 99. Contractor's Claims

If the Contractor considers he has the right to extention of the completion deadline and/or additional payments in line with this Contract or on some other basis related to the Contract, he shall notify the Engineer and shall state the event or circumstance which form the basis of the claim. Notification shall be submitted as soon as possible, but not later than 28 days from the date when the Contractor became or should have become aware of that event or circumstance.

If the Contractor does not submit his claim in the above mentioned deadline of 28 days, deadline for completion of the Works shall not be extended and the Financier and Investor are exempt from liability related to the claim. Otherwise, the following provisions of this Article shall apply.

The Contractor is also obliged to submit all other notifications foreseen by the Contract and accompanying data for the claim, which are related to that event or circumstance.

The Contractor is obliged to keep the updated records necessary for the purpose of documenting the claim, whether on the construction site or some other location acceptable to the Engineer. Without acknowledging the liability of the Financier and Investor, the Engineer may, upon receipt of the notification from Para. 1 of this Article, monitor the record keeping and/or order the Contractor to keep additional records. The Contractor is obliged to enable the Engineer to review those records and to submit copies at his request.

Within 42 days from the date the Contractor has become (or should have become) aware of an event or circumstance which serve as the basis for the claim, or within some other deadline proposed by the Contractor and approved by the Engineer, the Contractor is obliged to submit to the Engineer fully justified claim with the accompanying data, with an indication of the requested extension of time for completion and/or the amount of the additional payment. In case the event or circumstance which serves as the basis for the claim is of a continuous nature:

1. fully detailed claim shall be considered as interim;
2. the Contractor shall submit further claims in monthly intervals, stating the delay and/or the requested amounts cumulatively as well as all the other data the Engineer shall justifiably require; and
3. the Contractor shall submit the final claim within 28 days from the date when the event or circumstance was terminated, or within some other deadline proposed by the Contractor and approved by the Engineer.

Within 42 days from the receipt of the claim or additional data related to the previous claim, or within another deadline proposed by the Engineer and approved by the Contractor, the Engineer shall approve the claim or refuse it and shall provide a detailed justification for his decision. He shall also have the right to demand further details, however he shall be obliged to provide the replies to the claim principles in the mentioned deadline.

The Engineer shall undertake activities for the purpose of harmonizing or determining (1) extention (if any) of the time for completion (before or after its expiry) and/or (2) additional payment (if any) which the Contractor is entitled under the Contract.

Requirements from this Article are in addition to those of any other Articles which may apply to a claim. If the Contractor does not act in line with this or some other Article related to any claim, any extention of time for completion and /or additional payment shall take into account

the extent of which that failure has disabled or harmed the proper processing of the claim, unless the claim is not excluded in line with Para. 2 of this Article.

Article 100. Appointment of the Dispute Adjudication Board

The disputes shall be resolved by the DAB in line with this Article. The parties shall jointly define the DAB within 28 days from the date one party notifies the other about its intention to submit the dispute to the Committee for resolving disputes.

The DAB consists of three competent persons (members). Each party (the Financier and Investor as one party, and the Contractor as the other party) proposes one candidate for member and submits his name for approval to the other party. They shall then consult both members and in agreement determine the third member who shall act as president.

Agreement between the parties and the deciding member and each member in particular shall be concluded with reference to General terms of the agreement for resolving disputes from the Annex to this Contract with potential mutually agreed modifications.

The parties shall by agreement determine the compensation for the deciding member and each member in particular when defining the appointment conditions. The parties are obliged to pay half of these compensations.

If the parties ever agree on that, they may appoint competent persons to replace one or more members of the Committee for resolving disputes. If the parties have not agreed otherwise, the appointment shall come into force when some member refuses to work or is unable to work due to death, disability or termination of appointment. The replacement shall be appointed in the same way the replaced member was appointed in line with this Article.

The term of any member may stop if the parties agree on that, but not just by the will of the Financier, the Investor or only the Contractor. If the parties have not agreed otherwise, the term of the DAB (or every member individually) shall cease when the DAB reaches its decision about the dispute it has received to resolve. If other disputes have been submitted to the DAB by then, in line with Article 102, in that case the date when the decision on those disputes by the DAB was reached shall prevail.

Article 101. Disagreements about the appointment of the Dispute Adjudication Board

In any of the following cases:

1. in case the parties do not agree about the appointment of the deciding member of the DAB up to the date stated in line with the provisions from Appointment of the Committee for resolving disputes,
2. if any party fails to nominate a member (for approval by the other party) of the three member of DAB by that date,
3. if the parties do not agree about the appointment of the third member (in the capacity of the president) of the DAB by that date, or
4. if the parties do not agree on appointment or replacement within 42 days from the date when the deciding member or one of the three members refused to work or became incapable to work due to death, disability, resignation or termination of the mandate,

the President of FIDIC or a person appointed by the President of FIDIC shall, upon request of either or both of the Parties and after due consultation with both Parties appoint this member of the DAB. This appointment shall be final and conclusive. Each Party shall be responsible for paying one-half of the remuneration of the appoint entity or official.

Article 102. Obtaining the decision by the DAB

In case of (any) dispute between the parties related to the Contract or execution of the Project, including disputes related to verification, determination, orders, opinions or assessments by the Engineer, any party may submit the dispute in writing to the DAB after its appointment and to submit the copies to the other party and the Engineer, with reference to this Article

In case of the three members of DAB, the dispute shall be deemed submitted to the DAB on the day it is received by the president of the DAB.

Both parties are obliged to place immediately at the disposal of the DAB all the necessary information and appropriate benefits and to provide access to the construction site for the purpose of resolving the dispute. The DAB shall not act in the capacity of an arbiter.

Within 84 days from the receipt of the dispute, the DAB shall make a decision, which must be justified and with an indication that it has been passed in line with that Article. However, if neither of the parties has paid the full amount from the invoices submitted by each member, the DAB is not obliged to make a decision until the amount is paid in full. The decision shall be binding for both parties, which are obliged to act immediately in line with the said decision, unless it is changed amicably or by an arbitration decision. If the parties have not already given up on the Contract, or denounced or terminated it, the Contractor is obliged to continue with the execution of the Project in line with the Contract.

If any of the parties is not satisfied with a decision by the DAB it may, within 28 days from the date of the receipt of the decision, to inform the other party about its discontent. In case the DAB does not reach a decision within 84 days (or in some other agreed deadline) from the date the dispute or the payment was received, then any party may inform the other about its discontent upon expiry of the above mentioned 28 days.

In any case, in the information about the discontent, it is stated that it is provided in line with this Article, he subject of the dispute is presented and justification of the discontent provided. Apart from the provisions foreseen in the Failure to act in line with the decision by the DAB and in Expiry of the term of the DAB, no party has the right to submit the dispute for arbitration, unless previously a statement about discontent has been submitted in line with this Article.

If, upon notification of the decision by the term of the DAB to both sides, no side submits its notification about the discontent within 28 days, the decision shall become final and binding for both parties.

Article 103. Amicable resolution

In case of notification about the discontent submitted in line with the Article 102, the parties are obliged to try to resolve the dispute amicably prior to the dispute being submitted for arbitration. However, if the parties have not agreed otherwise, the arbitration may be initiated upon expiry of 56 days from the date the notification about the discontent was submitted even if there were no tries to resolve the dispute amicably.

Article 104. Arbitration

If no decision is reached amicably, and the decision from the DAB (if there is one) has not become final and binding, the dispute shall be resolved in international arbitration. If the parties have not agreed otherwise:

1. the dispute shall be finally resolved in line with the Rules of Arbitration of the International Chamber of Commerce in Paris,
2. the dispute is resolved by three arbiters defined in line with the above mentioned Rules, and
3. the arbitration procedure shall be held in the language for communication stated in this Contract.

The arbiters are authorised to open, review and change any certificate, determination, order, opinion or estimate by the Engineer or any other decision by the DAB related to the dispute. The Engineer shall not be exempt in any way from the obligation to testify and provide data to the arbiters regarding any issue related to the dispute.

No party shall be limited in the arbitration procedure to evidence and arguments which have previously been presented to the DAB for the purpose of obtaining a decision or as justification of discontent provided in the notification about the discontent. Any decision by the DAB may be taken into account in the arbitration procedure.

The arbitration procedure may start before or after the Project are completed. Obligations from the parties from the Contract, the Engineer and the DAB may not be changed because of the arbitration procedure being led during the execution of the Project.

Article 105. Failure to Act in Line with the Decision by the DAB

In case:
1. no party submits the notification about the discontent in the deadline foreseen by this Contract,
2. the decision by the DAB has become final and binding, and
3. one party has not acted in line with that decision,

the other party has the right, without any influence to its other rights, to submit that action to arbitration. In that case paragraphs from Article 102 Obtaining the decision by the DAB and Article 103 Amicable Resolution shall not apply.

Article 106. Expiry of the Term of the DAB

In case a dispute arises between the parties related to the Contract or the execution of the Project, and there is no DAB in place due to expiry of its term or any other reason:
1. Obtaining the decision by the DAB and amicable resolution shall not apply, and
2. the dispute may directly be submitted to arbitration in line with Article 104.

XX FINAL PROVISIONS

Article 107. Communication Method

All communication in the course of implementation of this Contract shall be conducted in writing, and both in Serbian and English language. The prevailing version of the written communication shall be the one in English.

Article 108. Relevant Application of Other Regulations

For all matters not foreseen in this Contract, the relevant provisions from the Law on planning and construction, Law on obligations, Law on railway safety and interoperability and other relevant regulations of the Republic of Serbia, shall apply. Under the circumstance of no Serbian laws and/or regulations exist, FIDIC Conditions of Contract for Plant and Design Build First Edition in 1999 shall be referred to. All the dealing with these matters should be discussed by the parties of the Contracts and should not conflict with the Loan agreement to be signed between the Chinese Bank and the Republic of Serbia.

Article 109. Copies and Coming into Force

The present Contract is drawn up in Serbian and English languages in 9 (nine) identical original counterparts in both languages, of which the Financier shall retain 3 (three) counterparts, Investor shall retain 3 (three) counterparts and the Contractor shall retain 3 (three) counterparts. Version of the present Contract in English language shall govern.

This Contract shall come into force on the date the Loan agreement mentioned in Article 4 Para. 1 of this Contract comes into force.

REPUBLIC OF SERBIA

(Prof Zorana Mihajlović, PhD, Vice President of the Government of Serbia and Minister of Construction, Transport and Infrastructure)

"INFRASTRUCTURE OF SERBIAN RAILWAYS" JSC

(Miroljub Jevtić, acting Director General)

CONTRACTOR

China Railway International Co. Ltd
(Yang Zhongmin, Chairman)

China Communications Construction Company Ltd.
(Sun Ziyu, Vice President,
by power of attorney from Mr. Liu Qitao)